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NEAR EAST/NORTH AFRICA REPORT

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CONTENTS

INTER-ARAB AFFAIRS

Briefs

Iraqi-Algerian Agreement 1

OPEC AFFAIRS

Current President Discusses Organization's Affairs
(Mani' Sa'id al-'Utaybah; AL-MAJALLAH, 27 Mar-2 Apr 82). 2

AFGHANISTAN

Soviet Strategic, Political Problems Explored
(Andre Tong; EST & OUEST, Apr 82) 8Situation Likened to Vietnam by Greek Magazine
(Giorgios Mitralias; OIKONOMIKOS TAKHYDROMOS, 25 Mar 82) 16

ALGERIA

Ben Bella Interviewed on Arms to Latin America
(Ahmed Ben Bella Interview; AL-KHALIJ, 22 Mar 82) 20

EGYPT

Various Scholars, Observers Offer Remarks at 3-Day Economic
Conference
(AL-AHRAM, various sources) 23Conference Agenda Reviewed, by 'Abd-al-Rahman 'Aql
Conference Goals Assessed, by Najla' Dhikri, Amal 'Allam
Conference Promotes Economic Stability
Prominent Economist Submits Views, by Samir Tubar
Economic Reform Discussions
Former Premier Gives Views
Conference Proceedings Reviewed, by 'Abd-al-Rahman 'Aql,
Hasan 'Ashur
Final Conference Discussions Reviewed, by Usamah Ghayth

IRAN

Cleric Activating Shi'ite Propaganda in Argentina (Seyyed 'Abbas Salari; KAYHAN INTERNATIONAL, 25 Apr 82) .	45
Prospects for Islamic Common Market Discussed (Editorial; KAYHAN INTERNATIONAL, 27 Apr 82)	47
Minister Projects Plans for Higher Education ('Ali Najafi; KAYHAN INTERNATIONAL, 27 Apr 82)	50

IRAQ

Briefs	
Repatriation of Iranian 'Children' Soldiers	51

LEBANON

Major Haddad on Presidential Elections, Syria (Sa'd Haddad; 'Uyun Lebanon Voice of Hope, 2 May 82)	52
British Embassy in Beirut To Be Reduced (John Bulloch; THE DAILY TELEGRAPH, 30 Apr 82)	54

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

Implications of Recent 'Radfan 81' Military Maneuvers (Amin Salamah; ISTIRATIJIA, Feb 82)	56
Details of Sabotage Operation Revealed (Samir Muhammad; AL-HURRIYAH, 8 Mar 82)	59
Briefs	
Economic Protocol Signed in Moscow	62
Flood Damage Over \$900 Million	62

SAUDI ARABIA

Briefs	
Turkish Firms Win Housing Contracts	63
SI Bank Profits Up	63
British Win Petrochemicals Contract	63
Riyal Devalued	64

TUNISIA

Opinion Poll Judges Government Performance (LE MAGHREB, 10 Apr 82)	65
---	----

YEMEN ARAB REPUBLIC

NDF Official Attacks Government Policies (AL-HURRIYAH, 22 Mar 82)	68
--	----

INTER-ARAB AFFAIRS

BRIEFS

IRAQI-ALGERIAN AGREEMENT--Iraq and Algeria signed in Baghdad today a program for educational and scientific cooperation between the two countries. The program envisages the exchange of visits, teachers, researchers expertise as well as educational and technical publications. [JN221940 Baghdad Voice of the Masses in Arabic 1600 GMT 22 Apr 82]

CSO: 4400/246

CURRENT PRESIDENT DISCUSSES ORGANIZATION'S AFFAIRS

London AL-MAJALLAH in Arabic No 111, 27 Mar-2 Apr 82 pp 13-17

[Report on Interview with OPEC President Dr Mani' Sa'id al-'Utaybah: "OPEC President and UAE Minister of Oil Tells AL-MAJALLAH, 'Saudi Arabia Is the Safeguard for Valve Regarding the Future of the Organization Which Is now Going through the Most Difficult Period since Its Establishment; It Is in the Interests of the Arab Countries That the Oil Market Regain Its Health; We See No Threat to Us from Our Gulf Neighbors, but We Must Take Precautions' "]

[Text] An emergency meeting of the Organization of Petroleum Exporting Countries [OPEC], whose members are 13 oil producing countries, was held in Vienna last Friday. The meeting that lasted 1 day was considered the most serious meeting in the organization's history. Questions which at present are causing concern among member countries are not confined only to prices, production, the oil glut in the world's oil markets and the irresponsible conduct of multi-national oil companies. These questions go beyond these matters to the serious threat that is being made to the very being and cohesion of the organization by these four factors. Accordingly, the same threats are being made to the controls that have so far curbed the willfulness of the oil market in the world. In an attempt to shed light on the dimensions of the problem OPEC is facing, a problem which developed from the instability and shakiness of the world oil market, AL-MAJALLAH sought to interview OPEC's current president, Dr Mani' Sa'id al-'Utaybah, minister of oil and mineral resources in the United Arab Emirates. He was the moving force behind the emergency meeting that the organization held. We had [the following] interview.

Dr Mani' Sa'id al-'Utaybah, the current president of OPEC feels a special responsibility for preserving the unity of the organization because he knows that if oil prices fall, OPEC itself will collapse and the world's economy will suffer a serious setback as a result. Dr al-'Utaybah told us, "It would be difficult at the present time to determine the dimensions of such a setback."

Some of the dangers that are threatening OPEC are internal, and others are made up of various factors that join together to challenge the existence of this organization which since its establishment over 20 years ago, has worked for the stability of the world oil market. Among the factors that shook up OPEC was the war that broke out between two of its founding members, Iraq and Iran. The fury of that war was reflected on the Arabian Gulf region. Some Arab countries that

are members of the organization, like Libya, supported Khomeyni's regime in this war and offered it material and moral support. This took the struggle out of the battlefield and brought it into the conference rooms. Despite his recognition of the effect that the Iraqi-Iranian war had had on the organization's unity, Dr al-'Utaybah, as president of OPEC was careful not to go into the details and implications of the political consequences of these struggles before the organization's emergency meeting in Vienna so as to preserve the unity of the organization's rank and file.

The outside factors [threatening OPEC], whose clouds had begun forming in the organization's horizons over the past 3 years, are also tied directly to the internal struggles. The latest break-up in oil prices, which came about under pressure from some member countries interested in reaping the greatest possible profits from their oil resources without taking into account the soundness of an interdependent world economy was what ultimately produced this abundance of oil in world markets which is estimated to be between 3 and 4 million barrels per day over and above the world's needs.

Dr al-'Utaybah began his preparations for the emergency meeting by consulting with his colleagues, the Gulf ministers of oil, and especially with al-Shaykh Ahmad Zaki al-Yamani, Saudi Arabia's minister of oil and mineral resources. He then traveled to Saudi Arabia, Kuwait and Qatar and consulted with other OPEC oil ministers who had attended the Arab Energy Conference in al-Dawahh. Dr al-'Utaybah told us, "In al-Dawahh we consulted with each other extensively regarding how current deteriorating market conditions can be confronted. [We talked about] the need to assume firm positions on these matters as a precaution against what may be worse in the future. Some ministers asked that adequate preparations be made for the emergency meeting because its failure would be worse than not having a meeting at all. However, after intense communications and consultations, everyone was adequately convinced that it was necessary to hold the meeting in Vienna so that problems could be dealt with objectively and [members] can show a willingness to sacrifice and assume responsibility at this critical time. This is the most critical time that OPEC has been through since its creation. Its responsibilities now are greater than they have ever been in the past. OPEC is being called upon to assume its responsibilities to defend the oil market and to prevent it from deteriorating and falling into a bottomless pit."

The immediate problem that OPEC is facing at the present time is that of an abundant surplus in the oil stockpiles of multi-national oil companies. Some countries that are members of OPEC, are trying to tamper with the decision reached last year to standardize and freeze oil prices. They are offering oil companies incentives and easy terms, or they are indirectly reducing prices or selling part of what they produce on the spot market at prices lower than official prices. Iran, for example, sells its oil at a price that is 80 cents less than the official price per barrel. Iran is thereby hoping to increase its exports and obtain as much hard currency as it can to shore up its faltering economy and finance its war machinery. Dr Mani' Sa'id al-'Utaybah went to Vienna with one principal objective in mind, as he told us: "to defend oil prices and to keep them from collapsing and accordingly, prevent the dissolution of OPEC." Dr al-'Utaybah said, "It was inescapable that this emergency meeting be held. Otherwise, oil conditions would have deteriorated even further than they have

so far. Matters would have gone out of control, and most OPEC countries would have found themselves forced to reduce their oil prices. They would have found themselves going around in a vicious circle of reductions. I am afraid that if we fail to reach a firm agreement at this emergency meeting, we will find ourselves with an OPEC different from that which we know. I am afraid that there will be a total collapse of oil prices and that, accordingly, the world economy in its entirety will suffer a major setback. The failure of the emergency meeting to take firm and radical measures will signify the collapse of oil prices. This in turn will signify the collapse of OPEC."

The fact that the president of OPEC is insisting that current official prices remain unchanged means that he is convinced that the only way the oil surplus in world markets can be absorbed is by reducing production. Many countries that are OPEC members are also convinced that solving the problem of the oil glut will only come about by reducing production. These countries have been actually pursuing this policy for some time. One year ago total oil production of OPEC countries was 31 million barrels per day. That figure has now dropped to only 18.5 million barrels per day. Despite this huge reduction, the oil glut is still considerable. Despite that trend in market currents, the Kingdom of Saudi Arabia had announced recently that it intended to cut its production below the daily average of 8 million barrels.

This Saudi oil strategy is consistent with Dr al-'Utaybah's thoughts [on the subject]. Dr al-'Utaybah told us, "As a principal member of the organization, Saudi Arabia feels a major responsibility to the organization and to the whole world. It played its positive role in the past, and it is still playing that role at the present time. Unless Saudi Arabia is responsive to OPEC, the organization cannot stand on its own feet at the present time. Therefore, we must admit that Saudi Arabia's role in the organization is a principal one; that it is safeguarding the organization's future and the future of the oil industry; and that it is cooperating with the remaining members. We are fully convinced that reducing production at the present time would be the key to a solution to the problem. Reducing prices, however, will make the situation worse. The only choice we have, therefore, is to cut production. If we find that cutting production is not enough, I think that we will then have to make another round of reductions until we reach a stage when the decline stops and the surplus stockpiles of oil companies which are being used as a weapon against the organization can be absorbed. These companies are overburdening the market by pumping 4 million barrels a day into it. If OPEC were to make significant reductions in production, this stockpile will be depleted in a few weeks. Demand will then rise, and countries that are OPEC members will gradually return to their normal rates of production."

Is the Oil Weapon Weak?

Multi-national oil companies, which Dr Mani' Sa'id al-'Utaybah referred to are not the only ones that are using the abundance of oil surpluses as a weapon against OPEC or against any attempt by OPEC to absorb the oil surplus from the market at the very least. All industrial countries are naturally interested in obtaining the least expensive oil available to them from various sources. However, this does not automatically mean less expensive oil for consumers in these countries. The most notable example of this situation may have been what

happened recently in Britain where the British government reduced the price of North Sea oil in two close stages for a total of 3.50 dollars per barrel. This reduction, however, was not automatically reflected in the distribution market at the gas pumps because oil companies working in the North Sea pocketed the price difference under the pretext that they were not realizing rewarding returns from North Sea oil. At the same time upon announcing its new budget, the British government raised taxes on oil by adding an 11 pence tax on gasoline. The immediate result of this interdependent strategy is that consumer demand for oil will continue to be limited because oil prices are high. This will maintain the present glut in the oil market without change. As long as oil prices at the pump are high, some OPEC countries may find the justification for asking for an increase in oil prices over the present standard price of 34 dollars per barrel, especially if they agree to reduce production. This way they would be able to maintain steady revenues from their oil exports. But Dr Mani' Sa'id al-'Utaybah assumes a rigid posture on this matter. He says, "We must not think at the present time of increasing prices. I am convinced that the standard oil price of 34 dollars [per barrel] is a fair, reasonable and defensible price. Raising prices at the present time would not be less dangerous than reducing prices."

Among the reasons that led to an oil glut on world markets is the growth of individual and official awareness in industrial countries of the importance of energy. Growing care is being exercised in energy consumption. Industrial countries are looking for methods and technologies to help them reduce energy consumption and look for alternative energy sources. Dr al-'Utaybah was one of the people who encouraged and spurred that trend because he believes that this would keep oil under the ground for a longer period of time so that future generations can benefit from it. We asked him if he and al-Shaykh Ahmad Zaki al-Yamani had inadvertently contributed to the creation of the oil glut by offering such advice to the West. He said, "There are in fact several reasons that brought the market to its present condition. On numerous occasions I had actually warned against raising oil prices. There is no doubt that raising oil prices in a short period of time such as that we have experienced constituted a principal factor with regard to substitution and replacement. Energy consumption turned to alternative, less expensive sources of energy, such as nuclear, coal, hydroelectric and other sources, at rates higher than those we had expected. In addition, high prices encouraged producers with limited resources and oil and gas fields with limited reserves, whose production had been costly in the past, to become economical and commercial, so they began to produce. Most of these fields are located outside the borders of OPEC, and they trade on the spot market, acting without restrictions on prices and production. Therefore, we find that while OPEC's present share in the world market does not exceed 18 million barrels, the quantity of oil coming from outside OPEC exceeds 23 million barrels per day. In addition to the economic recession and monetary problems from which industrial countries are suffering; the weakness of industrial countries' currencies opposite the dollar; and energy savings realized by individuals and governments, all these factors together constituted pressure on the price structure and created the surplus problem that we are experiencing today."

This surplus that we are seeing today was reflected not only on the economies of numerous OPEC countries, but it went beyond that to affect political areas as well. We told Dr al-'Utaybah, "Don't you believe that this oil glut weakened the Arab oil weapon? The rapprochement between France and Israel which followed

Mitterand's visit to Israel and his pledge that he would look into the means of strengthening economic, technological, military and nuclear ties between the two countries is a serious question. The significance of this rapprochement lies in the fact that it ensures for Israel new sources of advanced weapons. It makes it have no need for relying on imported oil by [allowing it] to acquire nuclear reactors. It realizes for Israel greater independence in action and aggression." Dr al-'Utaybah believes that first Arabs have to outline and describe in detail how enemies and friends can be distinguished. Before such descriptions are set down, it would be difficult to make a judgment about whether a country is friendly or not. Dr al-'Utaybah insists that Arabs have to be realistic. They must not be moved by their emotions on vital questions; they have to try to make more friends. However, he adds, "It is natural that the present weakness of the world oil market be reflected on Arab oil and that the role of Arab oil as a political factor and as a political tool or weapon should be weakened. The power of the world oil market imparts power to the Arabs and to Arab oil because it is part of it and responds to it in all aspects. Therefore, it is in the interests of the Arabs to see to it that the oil market regains its health and a suitable solution to the oil glut be found as soon as possible."

The Gulf Council of Cooperation

Dr Mani' Sa'id al-'Utaybah is one of the people who are enthusiastic about the Gulf Council of Cooperation. The idea of such a council was the subject of the dissertation for which he earned a doctorate degree from Cairo University in 1976. He denies the fact that a Gulf coalition [such as this] constitutes a regional coalition outside the national Arab line. He believes that it constitutes a nucleus for comprehensive Arab unity because it links together similar Arab regional communities. He believes that such coalitions are more capable of coordinating investments in the Arab world than individual countries. The strategy of the Gulf Council of Cooperation, which has to do with protecting the Gulf's oil establishments, is based on three points:

--Improving and coordinating land, sea and air defenses for the oil wells and shipping stations. This requires that early warning systems--such as the AWACS system which Saudi Arabia will acquire from the United States--and anti-aircraft missiles and similar [weapons] be ensured.

--Studying the extent to which oil equipment is exposed at the present time and the condition of some of them, such as the underground collecting stations. This also requires storing vital spare parts, such as pumps and turbines, which cannot be obtained overnight from world markets.

--Laying a pipeline from the principal oil production areas in the Gulf across the Straits of Hormuz to the Gulf of Oman or across Saudi Arabia to the Red Sea.

A Wall of Fire

After the war between Iraq and Iran broke out, Dr al-'Utaybah said that danger could come at any time and from any direction. He said that the Arabian Gulf would build a wall of fire around its oil installations. We asked Dr al-'Utaybah to define for us that area from which he is expecting danger. He said, "We harbor our neighbors no ill will, and it is not in our interests to become engaged

in such speculations. However, as individual countries or as a Gulf community we must maintain good relations with our neighbors and with the outside world. Hence, we do not see any danger that our neighbors might threaten us. However, one fact remains: a person must be strong. Islam tells us that God prefers strong people to weak people. As far as danger is concerned, a person may be exposed to danger inside his home and while he is among the members of his own family. Therefore he has to take the precautions that would ensure the safety of his home and his country."

Among Dr al-'Utaybah's ideas that have to do with economic integration in the Gulf is that of laying a pipeline from south Iraq to the Gulf of Aden. That pipeline would go through Kuwait, Saudi Arabia, Qatar, the United Arab Emirates and Oman. It would transport oil from these countries, and it would also be used to carry to these countries the waters of Shatt al-'Arab that are wasted in the Arabian Gulf. We asked him about the future of this vital project, and he said, "Nothing has been completed yet with regard to this project. I believe that the countries of the Gulf Council will consider this project in the future. It is on the agenda of the oil ministers of the Gulf Council of Cooperation along with numerous [other] pipeline projects. It has been accepted without dispute that economic integration among the countries of the Arab world, whether it is on a regional or a national scale, is one of the things that every Arab citizen looks forward to. Any surplus in any Arab country's natural resources can be utilized in another country. If Iraq has a water surplus, almost all the countries of the Gulf need fresh water. Such projects which can be looked into at the highest levels will continue to have special appeal. For both economic planners and officials alike such projects hold a position of prominence."

The United Arab Emirates' interest in acquiring nuclear power is linked at the present time with the matter of ensuring the region's fresh water needs. Dr al-'Utaybah told us, "The use of nuclear energy for peaceful purposes is one of the significant matters for the Emirates and for the Arab world as a whole. We have been lagging behind considerably in this area, and we have been out-distanced by our enemy. The Emirates is an arid, desert country which our people and our president hope to turn into agricultural land to produce the food we need and to produce materials around which we can build an industry in the future. For this reason we have to ensure enough fresh water. Currently, the principal source of fresh water is the sea because we do not have rivers and sufficient ground water. We found out that the cost of desalinating sea water by nuclear power is less than one third the cost of desalinating it by using oil or gas. This simple commercial formula undoubtedly tempts anyone with common sense to look further into nuclear energy. Accordingly, it is important for Arab citizens in the Emirates or in any other part of the Arab world to stay informed about nuclear technology."

Finally, we asked Dr al-'Utaybah what he thought as president of OPEC and as minister of oil in the United Arab Emirates of the cooperation in oil matters between Syria and Iran. An announcement about this cooperation had been made after a large Syrian delegation had visited Tehran. This is the cooperation that Iraq and some Arab countries supporting it considered a deviation from the Arab national course. Dr al-'Utaybah said diplomatically, "The matter does not concern me as president of OPEC because Syria is not a member of OPEC. As the Emirates' minister of oil, the matter does not come under my jurisdiction."

SOVIET STRATEGIC, POLITICAL PROBLEMS EXPLORED

Paris EST & OUEST in French No 662, Apr 82 pp 29-34

[Article by Andre Tong]

[Text] The invasion of Afghanistan by Soviet armed forces on 27 December 1979 was part of a plan drawn up in minute detail by the Kremlin decades ago for the purpose of transforming that nonaligned and independent state of Central Asia into a satellite of the Soviet Union.

After formally assuring the Kabul leaders of its intention to respect their country's independence, Moscow concluded agreements giving it supreme control over Afghanistan's mining resources. On the political level, Moscow was not slow in provoking and fomenting a succession of coups d'etat to place Afghan Communists in power, only to get rid of them violently once they had ceased to please their Soviet masters. After the overthrow of the monarchy, President Daoud had to give way in April 1978 to Nur Mohamed Taraki, the leader of what the Communists still call the April Revolution. Taraki was installed as the head of Afghanistan and retained that position for 17 months before being assassinated in September 1979 by men working for Hafizullah Amin, nicknamed "the Afghan Pol Pot" because of his merciless repression of his opponents. After 4 months of bloody power, Amin was killed on orders from Babrak Karmal, who had returned to Kabul with the Soviet Army on 27 December 1979.

Soviet Strategy

The Soviet Union has never changed its line concerning Afghanistan. When diplomacy does not yield the expected results fast enough, there is recourse to force. Diplomatic relations between Afghanistan and the USSR were established on 7 April 1919, and friendship treaties were signed between the two countries: the first in September 1920 and the second a year later.

On 21 August 1921, on the occasion of the ratification of the first Soviet-Afghan friendship treaty, Lenin solemnly asserted: "You have your government, and we have ours. You have your ideals, and we have ours. The Soviet Union cannot desire to impose a foreign program on Afghanistan."

The treaty stipulated, among other things, that the USSR recognized the independence of two emirates in Central Asia: Khiva and Bokhara. Those two small

Moslem states were invaded by Soviet troops and then annexed in 1924, and their territories were split up among the socialist republics of Uzbekistan, Turkmenistan, and Tadzhikistan.

The Kremlin's number two man, Konstantin Chernenko, recently said in an interview with the monthly LATITUDE: "The sun of freedom has risen over Afghanistan, and no one can make it disappear." That cynical statement destroys all hope for those seeking a negotiated solution to the Afghan problem.

Despite the difficulties being encountered by the Soviets in Afghanistan, Moscow has not altered its general line. Soviet officials installed in that country are merely extensions of the major departments in Moscow to which they are responsible--army, KGB and police, the economic ministries, and so on--and have thus established a sort of civil and military proconsulate. The local relay--the People's Democratic Party of Afghanistan (the Afghan CP)--and the Afghan administration are steadily disintegrating, but that is of little importance to the leaders in the Kremlin.

On the military level at present, the Soviet invasion and occupation forces are estimated to number 95,000 enlisted men. Those forces occupy the country, but because of the fierce determination of the resistance fighters, they do not control it. The Soviet units confine themselves to their bases, which are scattered around the country, and do not leave them except to launch limited armored operations with air support or to protect convoys.

There are about 60 of those bases, and over half of them include airfields. In the eyes of the Soviets, construction of that military infrastructure has a double purpose: to enable the army to do its job and to provide a means of exerting diplomatic pressure on neighboring countries.

A study of the map of those Soviet installations shows that most of the bases are located in the north, primarily along the Soviet-Afghan frontier (13 bases, including the Ayraton Base on the Amu Darya River, which has 4,000 armored vehicles, 14,000 men, and 9 airfields). Then, along the main north-south road, there are 12 bases and 6 airfields stretching from Mazar-i-Sharif through Kabul and Ghazni to Kandahar. A short distance south of Mazar-i-Sharif is the Kelagay Base (the third largest) with 10,000 men defending the pipeline that links Afghanistan to the city of Termez in the USSR.

In the northeast, the Soviets closed the frontier with China in June 1980 by annexing a narrow corridor of Afghan territory: the Wakhan Corridor, 300 kilometers long and about 30 wide, which is used by caravans. It passes through the mountainous massif of Pamir. The Soviets have built an airfield at Bazai Gumbaz a few kilometers from the Chinese border and closed that narrow passage by setting up a base in Ishkashem. In addition, six new airfields were built in 1981 in Badakhshan Province (including one in Faizabad, the capital of that province), three others in localities close to the Soviet-Afghan frontier, and two more farther south.

In the western part of the country, facing Iran, the Soviets have established five artillery bases and three airfields, thanks to which they can threaten to

bomb the oil wells or even--using rockets--the tankers in the Strait of Hormuz. That means of pressure, with its threat of paralyzing petroleum supplies for the West, may serve to dissuade the free world.

The most important Soviet base is in Kabul, where the general staffs are located. The air force staff is located near the airport, the infantry and artillery staffs are in the Darulaman Palace, and a little farther on, toward the national museum, is the telecommunications center, while the engineers, transportation units, and armored divisions are quartered in the city. Lastly, a radar network has been set up on the hills surrounding the capital, where a curfew is imposed from 2000 hours to 0500 hours.

An airbase is under construction south of Kabul in Logar Province, while two airfields have been operating since 1980 in Ghazni and Kandahar.

Despite that immense deployment and the war of terror carried on by the Soviets and what remains of the Afghan Army following massive desertions, the Soviet-Afghan forces have not been able to stamp out the resistance fighters. The Afghan Army, which had 110,000 men at the time of the pro-Soviet coup d'etat in April 1978, is now down to 30,000 men. The Red Army's Moslem contingents, being regarded as unreliable, were withdrawn from Afghanistan in 1980.

Communist Government in Kabul

Under direct pressure from the Soviet Union, the two rival communist parties--the Khalq ("People") and the Parcham ("Flag")--were forced in September 1977 to merge into a single CP called the People's Democratic Party of Afghanistan (PDPA).

The Khalq, with from 25,000 to 30,000 members, is well established among lower ranking provincial officials, teachers, and army officers of the Pashtun ethnic group in the rural areas--all nationalists educated at the university or in the teacher training schools. The "Khalqi" view Marxism as a simple but effective means of achieving the progress, social justice, and power that were denied them under the city-dwelling Pashtun royal oligarchy. Under the Taraki and Amin governments, Khalqi officials obtained a majority of the important posts.

The Parcham, headed by Babrak Karmal, comprises only from 6,000 to 8,000 "Parchami." It represents the well-off classes in Kabul and the sons of the upper middle class who were educated in the Soviet Union or East Europe. The Parchami are always "internationalists" and pro-Soviet. They are exasperated by the country's economic backwardness and the mentality of its inhabitants. They absolutely refuse to remember their collaboration with former President Daoud.

Karmal, who was a deputy in 1965 and 1969, enjoyed a degree of popularity in leftist intellectual circles in Kabul. On returning to the capital with the Soviet invasion troops on 27 December 1979, Karmal became chief of state, chairman of the PDPA, and head of the government. At the Sixth PDPA Plenum in June 1981, he was replaced as head of the government by Sultan Ali Keshtmand, but has retained his other two functions. Keshtmand is a member of the Hazara,

an ethnic minority that has traditionally been oppressed. He is also a member of the minority Shiite Moslem sect. "Karmal" is actually a Pushtu nickname meaning "the friend of work." The peasants have changed it to "Karghal," meaning "the stealer of work." His father, retired Gen Mohammad Hosayn, has barred him from the family home and disowned him since his return to the country with the Soviet invader.

To fill the gaps left in the army by desertions, the Kabul government is conducting compulsory enlistments of men between the ages of 17 and 35 and sending them to fight with almost no preliminary military training. The Khalqi militia engages in veritable manhunts to flush out draft evaders whom the inhabitants of the cities and towns manage to hide or send to the resistance units. That militia works in collaboration with the police and also with the Khas (secret police). The government has also deemed it wise to appoint political commissars for the police force. According to BAKHTAR, Kabul's official news agency, the first 124 of those political commissars assumed their posts on 22 November 1981.

Resistance Movements

Because of the country's geographical configuration, with its high mountains, valleys, plains, and deserts, each region has its own way of fighting the Soviet invader according to its actual conditions. Allowance must also be made for certain ethnic disagreements, which usually fade, however, in action.

After 6 months of discussion, and following the strong trend toward unity that prevails inside Afghanistan, the leaders of the resistance parties headquartered in Peshawar, Pakistan have succeeded in merging the main movements into two organizations that were newly established for the purpose.

One of them is the Islamic Union of Afghanistan Mujahedin. It comprises the two groups making up the Islamic Party or Hezb-e Islami (one headed by G. Hekmatiat and the other by Y. Kholes), B. Rabbani's Jamiat-e Islami, part of S. Mojadeddi's Jabha-ye Nejat-e Afghanistan or National Liberation Front of Afghanistan, and a faction from M. Mohammedi's Harakat-e Enqelab-e Islami or Islamic Revolutionary Movement.

The second organization is called the Islamic Alliance of Afghanistan Mujahedin and consists of the Islamic National Front of Afghanistan or Mahaz-e Melli-ye Islami-ye Afghanistan (headed by Sayed A. Gailani), part of S. Mojadeddi's National Front of Afghanistan, and a faction from M. Mohammedi's Islamic Revolutionary Movement.

The mujahedin in that union are very well established throughout the country and carry out daring raids in the big cities, including even Kabul.

Along with the Islamic Union, there are regional fronts inside Afghanistan such as the Nuristan Islamic Struggle Front northeast of Kabul. The Hazara Front has united all of Shiite Hazarajat southwest of Kabul. That region was liberated by a general uprising of the inhabitants (between 3 and 4 million Shiite Moslems) as early as 1979, and the local mujahedin took over the government

and administration of the province. The Hazara Front's commander in chief is a former field officer, Gen Said Mohammed Hassan. The Soviet-Afghan forces were forced to give up the idea of occupying that mountainous region, since the effort would tie up too many troops. Their forces conduct sporadic limited operations aimed at wiping out villages and sowing terror, but they usually find only empty space. Other regional groups are active, among them the Kunar Front east of the capital, which is headed by B. Majruh, former rector of Kabul University, and his father, a prestigious traditional chief. Lastly, Sheikh Muhsini's Islamic Movement is solidly established in the southwest.

There are also so-called leftist fronts, among them the Fighting Militants of Afghanistan, the National United Front--which includes various leftist groups--and the National Repression Front, made up of extreme leftwing militants who kidnapped the U.S. ambassador to Kabul, Adolph Dudds, in February 1979. He was killed during the attack by police on the hotel room where he was being held by his kidnappers and guarded by them.

Resistance Operations

In an attempt to "normalize" the country, the Soviet forces and the Afghan Army conduct over 100 offensive operations annually. The Soviet strategy is always the same as far as the valleys are concerned: to try to establish two fronts, one on each slope of the mountains lining the valley, and then to attack the entrance to the valley. There the armor sent into the offensive is supported by MI-8 helicopters escorted by Mig-24's, which conduct intensive bombing raids with 250-kilogram bombs and drums of napalm. Some offensives have lasted for 18 days. To move troops from one city to another, recourse is had to convoys protected by tanks, with army aircraft keeping watch on the road.

The mujahedin, who move more rapidly than the armored units, harass the enemy on all fronts, attack convoys, conduct commando raids in the cities, and practice psychological warfare by successfully instigating desertions from the government army. An enumeration of those incessant operations would require volumes.

On the northern front, for example, around Mazar-i-Sharif, a city located northwest of Kabul and 80 kilometers from the Soviet border, the resistance organizations (Hezb-e Islami, Harakat, and Jamiat) are well organized and coordinated with no disagreements among the resistance groups. The surrounding villages are calm and have been liberated, and each of them is protected at night by sentinel units to give the alert in case of danger. The Kabul government's collaborators have shut themselves up in the city, and the resistance has issued a proclamation enjoining the refugee families being sheltered in the city (and whose members have been mobilized) to return to their homes in the rural areas. Those refugees, on learning of that appeal, have hastened to return to their rural homes, and the recruits have deserted to rejoin their families.

The resistance headquarters are located near Mazar-i-Sharif, and mujahedin commando units enter the city at night disguised as government soldiers. A recent daring raid brought about the surrender of an operational unit of the Afghan Army with 130 weapons, its commander having been killed in the engagement. On

another occasion, during an attack on enemy forces near the airfield, 300 regular soldiers surrendered, and 700 light and heavy weapons were recovered.

The best known and most respected leader in that region is Zabiullah, a member of the Jamiat-i Islami. About 30 years old and a religious teacher by profession, he started fighting with a rocket launcher and little ammunition. Now he commands 2,000 armed men and is followed by 20,000 persons. Near his headquarters, he has established a school where Islam and guerrilla warfare are taught together.

In the middle of winter, a Soviet operation involving 4,000 men was launched against Marmul, a mountain village south of Mazar-i-Sharif, where the resistance had its command post. The fighting lasted 18 days, and 700 Soviets, including two generals, were killed.

In other regions, it is noted that attacks launched by the mujahedin on government soldiers end in desertions by the latter. Some units of the Afghan Army have had to be officered by Soviets. On the country's eastern front, for example, during an offensive in the Pech Valley, 150 Afghan soldiers deserted after executing the 42 Soviet officers leading their unit.

The resistance is becoming increasingly well organized as union is achieved among the political staffs in Peshawar and as it becomes increasingly based on two structures: one is the highly mobile Qarargah, or unit of 150 men, and the other is the Ghond, or 700-man base which can be moved as required by the operation in question.

The losses on both sides during 1981 totaled nearly 25,000 dead, with 9,000 Soviet soldiers, 4,500 soldiers in the Afghan Army, and 1,000 mujahedin having been recorded as killed in combat. The number of civilian victims of bombing raids by Soviet aircraft totaled 20,000 dead.

In addition, 2,300 members of the Afghan Army went over to the resistance.

In response to that disturbing state of things for Kabul's forces, Karmal addressed party members in the army at the end of August 1981 to announce the establishment of a "Defense Council of the Democratic Republic of Afghanistan, with local, provincial, and regional headquarters. It will be invested with full state powers and exercise leadership in the military and economic fields."

In his speech, Karmal insisted several times on the imperative need for "the security organizations and the militia to develop their activities," and he emphasized that "the political section of the Armed Forces of the Democratic Republic of Afghanistan and the political organizations in the militia and the security forces must serve as an example to all."

The resistance movement answered Karmal on 3 November with a rocket attack on the "Microzone," a district which was built by the Soviets and in which their high-level officials live. The latter had to move out and resettle near their embassy. Also in the capital between 28 December 1981 and 4 January 1982, there were 10 bomb attacks with 27 Soviet victims.

Plunder

Afghanistan's mineral resources comprise natural gas, petroleum, iron, coal, copper and, in smaller quantities, gold, lead, zinc, tin, aluminum, molybdenum, tungsten, and so on.

The exploitation of those resources is now exclusively in the hands of the Soviet Union. For several years, only Soviet technicians have had possession of the geological map of Afghan territory. The body of Soviet specialists for Afghanistan was set up in the mid-1960's. In 1978, a Soviet mission for gas and petroleum in the northern region consisted of 2,000 persons. In 1979, 230 Soviet geologists had been installed in Jangdak, a village west of Kabul.

The first gas pipeline--82 centimeters in diameter and 100 kilometers long--was built in 1967. It carries gas from the deposits in Shiberghan in the north to Kelift on the Amu Darya River at the Russian border, where it passes under the river. A new, aboveground pipeline 600 meters [as published] in length, built in 1978, carries the gas to Bukhara, where it joins the pipeline from the Ferghana deposit in Tadpikistan. The gas pipeline then divides into two branches, with one taking the gas to Moscow and the other carrying it to the new cities in Siberia.

The USSR therefore undertook to develop and exploit Afghan gas as early as 1967. In the following year, Moscow obtained from Kabul the right to exploit that gas for the next 18 years. A new agreement, signed in 1974, authorized the exportation to Soviet pumping stations of 2 billion cubic meters per year solely from the deposit in Jarkung in the northwest. At that rate, the gas resources will be exhausted in about 30 years.

Officially, the Soviet Union buys Afghan gas, but it decides on the price, which is always below international prices. The Afghans must also pay the prospecting and exploitation costs. In addition, under the terms of the contract signed in 1980, Afghanistan must order \$18.6 million worth of drilling equipment from Soviet industry. Under the law of barter in those conditions, the government collects no foreign exchange. Since the Soviet invasion by the Red Army, exports of Afghan gas to the Soviet Union have doubled, but Afghanistan's debt to Moscow has singularly increased. It now stands at 3 billion afghanis (1 afghani is worth 10 French centimes), because the Soviet Union is making Afghanistan pay the occupation costs of its troops, including air sorties for bombing the civilian population, flattening villages, attacking hospitals, and napalming crops.

In the middle of 1980, the Soviet Union set the price of Afghan gas at \$83 per 1,000 cubic meters. In December, the price went up to \$88.80, and in 1981 it rose to \$90. Under the terms of the agreement of 19 January 1982 between Moscow and Kabul, the price was raised to \$100. World prices stand at \$150. The profit that the Soviet Union makes from that operation is all the more considerable in that it sells the gas to West Europe at \$180 per 1,000 cubic meters, and Afghanistan never sees a cent of that money.

Since the Soviet invasion, however, gas extraction has declined, doubtless because of the sabotage carried out by the resistance. According to the official figures for 1980-1981, 1.12 million cubic meters were extracted instead of the planned 3.7 million. For the 1981-1982 period, 1.17 million cubic meters were extracted instead of the 5 million called for by the Soviet-Afghan agreements of 1980. The forecasts for 1982-1983 are more modest: 2.76 million cubic meters, or scarcely more than the 1976-1977 figure of 2.6 million cubic meters (a figure provided by the World Bank).

As far as petroleum is concerned, the World Bank in 1979 estimated Afghanistan's total proven reserves at 14 million tons.

In the case of coal, the seven mines operating in 1979 produced 190,000 tons, and the country's total reserves were estimated at between 400 million and 500 million tons.

In the case of iron, estimated total reserves are said to approach 2 billion tons, with recorded reserves at 110 million tons.

The copper mines are located chiefly in the Logar Valley. The reserves stand at 5 million tons. The Soviet TECHNOEXPORT enterprise drew up a plan in 1980 for building a mining "combine" in Ainak, practically at Kabul's gates in the Logar Valley. It provided for an annual extraction capacity of 6 million tons. The opening of the plant was scheduled for 1985, but was later postponed until 1988.

This progressive plundering of Afghanistan by the Soviet Union is part of the program aimed at establishing communism's hegemony in the world by stages and through satellites. In Asia, after Mongolia in 1920 and Indochina in 1975, Moscow is now seeking, through Karmal's regime, to throw the straitjacket over the Afghan people.

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AFGHANISTAN

SITUATION LIKENED TO VIETNAM BY GREEK MAGAZINE

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 12(1455), 25 Mar 82 pp 13-14

[Article by Giorgos Mitralias: "Afghanistan, the Soviet Vietnam!"]

[Text] Afghanistan is one of those extreme international, social, political and national cases of confrontation where the "good" and the "bad" are especially distinguishable...according to one's political tendencies. However, how is it possible to have such categorical opinions and answers on the situation of a country which, just a few years ago, many of us totally ignored? Or are Afghan events one more opportunity to prove the positions that each side has assumed a priori? The Afghanistan-pretext and the Afghanistan-opportunity, for political exploitation, is more important than other goals, such as, for instance, a genuine analysis. Despite the fact that it is now enshrined in the more significant political realignments and simultaneously in daily reality as well, Afghanistan continues to remain just as "exotic" as 4 years ago!

It will soon be 4 years from the time that Afghanistan began being governed by the People's Democratic Party of Afghanistan (PDPA). But is it really the PDPA that governs the country?

The answer to the above question has already been provided by the two real antagonists in the Afghan war: The Soviets and the heterogeneous Afghan resistance. A large part of the country (the largest) is not under the control of Kabul, but is already referred to as a "liberated area." As for the Soviets, they control whatever is left. The official regime headed by Babrak Karmal is only "decorative," and serves strictly to carry on a myth, which, however, costs dearly in victims, destruction and barbarism! And yet, when everything started 4 years ago, in April 1978, no one could have imagined what the future would bring. The coup d'etat itself (because it was indeed a coup and not a revolution) of the PDPA which wanted to put an end to centuries of oppression and underdevelopment, had elicited the sympathy of large segments of the population, and at least the tolerance of the government apparatus. The situation had been bad enough before to allow a measure of optimism about the future. How was the PDPA, then, able to squander such an initial capital of confidence in barely 12 months? How could it lose, within such a short period of time, not only its credibility, but also become one of the most hated regimes in the entire world?

The new regime's problems were not so much the changes (which were actually elementary) that it wanted to institute in such a backward country, as indeed the methods it used to achieve this goal. Having initially elected to "save" Afghanistan through administrative acts behind the back of the very people most concerned about it, deciding everything "from above" and exhibiting indifference--and at times actually obstructionism--toward the participation of the peasant and working masses, the party in power practiced the unprecedented purge of every possible political adversary during a number of months, both within and without its own ranks. It was a veritable suicidal orgy, which was rounded out by the indescribable bureaucracy of administrative methods and by conflicting measures which only resulted, in the final analysis, in turning against it almost the entire population, thus creating the most heterogeneous social and national alliance of our times!

The dreadful mistakes of the PDPA and of the Kremlin can explain the general uprising that followed the general outcry against the successive regimes of Hafizullah Amin, Mohammad Taraki and Babrak Karmal. The resistance from landowners, mullahs, the fanatical Pashtun Muslims and the monarchists was expected and did not surprise anyone. However, the resistance coming from the many ethnic minorities--in spite of the fact that it had always existed in the central power in Kabul, whichever it happened to be--as well as the resistance from the Kabul workers and from the peasants cannot, of course, be explained by the traditional "CIA finger" argument. Finally, the rabid resistance on the part of many former members of the governing party itself, completes the spectrum and confirms the unprecedented political failure of a party whose ambition, once upon a time, had been to change the country. Internal dissension, squaring of accounts between its two factions (the Parcham and the Khalq), as well as between the subgroups created from time to time, mass murders as a means to solve ideological and other disputes, all contributed to the destruction of the regime's minimal authority, reducing it at present to only about 5,000 members, unable to fill up a meeting hall for a "dignified" conference. Today, the PDPA only represents its own disintegration...

Especially Heterogeneous Resistance

There is no doubt that the image of a united Afghan resistance with clear-cut political and social goals is totally wrong. Instead, we are dealing with a veritable mosaic of all kinds of organizations, which do not limit themselves to conducting their own war against the Kabul regime, but also extend it at times against their supposed allies! Today in Afghanistan, many struggles are being conducted simultaneously, even if the principal one is fought against the invaders and conquerors.

The most recent developments concerning the Afghan resistance is the collaboration between the Islamic organizations residing in Peshawar in Pakistan within the framework of the newly-established "Islamic Alliance of Afghanistan Fighters" (13 March). In spite of the fact that in the past, the Islamic organizations and others belonging to the resistance repeatedly failed to co-exist within common organizational parameters, exhibiting a poor example of "independence," the recent development is especially significant and should be paid due attention.

However, contrary to general belief, the Afghan resistance is not limited to the Peshawar Islamic organizations. To begin with, we have the country's many ethnic minorities who have raised the flag of revolt both against the Kabul regime and its Soviet protectors, and the Islamic organizations which identify with the supremacy of the Pashto ethnic group. For instance, the Hazarah, a Mongol minority forever downtrodden, have freed their region by force of arms in turning against everybody!

Indeed, the new characteristic of the Afghan resistance is the fact that it is beginning to diversify itself within its own ranks. Of course, there were diversifications even during its initial period, when organizations as diverse and diametrically opposed to each other as the monarchists, the nationalists, the fanatic Muslims and the Maoist found co-existence impossible. However, initial diversities were more the result of inner movements that had taken place prior to 1978 than the end product of the development of the resistance against foreign occupation. Today, it is actually within the organizations of the resistance that one notices the displacement of the programmatic fulcrum, from the Islamic to the national liberation and social factors!

Thus a second front is beginning to be created within the first, which used to attract the near totality of the Afghan population. Such a development can only be considered natural at a time when vast segments of the country have already been freed from Kabul's jurisdiction; this is a fact that fosters the need for their political, economic and social reorganization. Finally, if one takes into account the fact that the resistance, in order to be victorious, has to proceed to--at least--the reorganization of the very fighters themselves, then we can really understand how we are faced with a process of social and political diversification that will become more acute and general.

However, it is not only the so-called "objective factors" that are pushing toward the direction mentioned above. The increasingly repulsive aspect the Kabul regime is presenting to the country's intellectuals (who were initially rather friendly toward it), as well as to many of its original supporters has already pushed a large number of progressive Afghan patriots into the resistance movement. The same can be noticed among students and high school youth, which, once upon a time, constituted the "nursery" for the PDPA. The result of these moves is the beginning of a change in the political balance of power within the resistance, to the advantage--in a first phase--of the "liberal-democratic" ranks, to the detriment of the "fanatic Islamic" ones... In light of this, the recent coordination of the Islamic resistance forces within the framework of the above mentioned "Alliance" is not only aimed against Kabul and the Soviets, but also against the minorities and the leftist resistance organizations.

A Russian "Vietnam"

The Soviet military intervention and occupation of Afghanistan constitutes the most eloquent proof of the PDPA's total failure to alone solve the problems of governing the country. In reality, when Moscow decided, in

December 1979, to intervene militarily, it had already lost any hope it reposed in the PDPA's ability, and its only concern was to preserve its control over the situation.

In July 1980, Afghanistan was divided into 7 military districts, with a Soviet general heading each of them. The Soviet army began to assume an increasingly larger part of the military operations, while at the same time the Afghan army continued to disintegrate. It was no longer a matter of simple soldiers running away to join the resistance; today, the Afghan army is losing its few remaining officers, members of the Khalq faction of the ruling party, having already lost the "nationalists" who, initially at least, were "neutral."

The normal result of the unprecedented disintegration of the Afghan army is that the Soviets long ago ceased to count on it and in a "wise" move, are refusing to furnish heavy weapons, having assigned to it a purely cosmetic role.

As was to be expected, the Soviet Union has now reposed all its hopes in the military defeat of the resistance, having lost all illusions as to the ability of its few remaining local supporters. Nevertheless, the Afghan issue remains, perhaps now more than ever, a purely political problem. Lacking a social base, with the governing apparatus falling into galloping disintegration, with a central government the victim of the repeated (murderous) purges and with a resistance which long ago became generalized, the Soviet intervention in Afghanistan is condemned to continue forever and to hold some surprises for uninformed observers. Thus it is not accidental that the way Moscow is facing the problem can now be summarized in continuous concessions in the field of those changes that had taken place during the initial period of the new regime, while attempting to co-opt (even through bribery) certain elements among the most reactionary resistance leaders! And, of course, all this is combined with a ruthless suppression that often borders on genocide...

Four years after the April 1978 coup, Afghanistan has not progressed to the social changes it sorely needs and has indeed been turned into a veritable cemetery for Soviet soldiers. To liken Soviet Afghanistan to the American Vietnam is not far-fetched. Having lost all support among the local population and compelled to rely strictly on their bayonets, the Soviets are increasingly losing control of the situation, limiting themselves to turning Kabul, the capital, into a veritable bunker. But what more can they achieve than the Americans did in Southeastern Asia?

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BEN BELLA INTERVIEWED ON ARMS TO LATIN AMERICA

Al-Shariqah AL-KHALIJ in Arabic 22 Mar 82 p 6

[Interview with Ahmed Ben Bella; date and place not specified]

[Excerpt]

Guevara and His Mother

Ben Bella: I don't know if I can do [Che] Guevara justice. I love him because he represented the "fierce resistance" to the attempts to swallow him up which his friend Castro fell into. I will not hide the fact that I was influenced by the humanistic aspects of this man. He always used to tell me, "I find you the revolutionary who gives his life and happiness for others." This may have been indirect flattery of himself. I don't know.

Where shall I begin about this man who left the institution which ate up his friend? He resisted and remained pure in his revolutionary ideas. I knew him in Cuba, when he visited me regularly. Then he came to live with me, at his mother's advice, along with every other world revolutionary. He says in his memoirs, "When my disagreement with Castro began, my mother advised me to go to Ben Bella's." His mother was a friend of the Algerian revolution, and I was in constant contact with her through our embassy in Cuba.

The humanistic aspect dominated all his activities...he couldn't be otherwise. His idealistic humanism may have been what made him discontinue his task as Minister of Economy in Castro's government. The ministry meant nothing to him as long as there was a seed of revolution in the world that needed him and his experience. For 2 months or more, I sat with him continuously. We talked a lot and had lengthy discussions on all matters, theoretical and practical. We also worked together trying to spread revolution in Africa and Latin America. We used to eat together and sit close for 8 or 10 hours at a time. I never got tired of talking with him or listening to him. He was lively, smart and clever at getting a discussion going and was well read. All this so that he could set out again from Algeria to sow the seeds of revolution. I used to share his ideas, his planning and his implementation, and at one time, Algeria was the major base for resistance and guerrilla movements in all of Latin America. This aspect may still be secret, especially as far as implementation. However, I believe that the time has come to say some things. Algeria was the point of departure and base for training and arming all the revolutionary movements in

Latin America after the blockade of Cuba and its entering into "International agreements."

Weapons and Barrels of Oil

Castro himself, and then Guevara, asked me to move all training to Algeria because Cuba was blockaded and could no longer accept the leftist movements on the continent. Here I can tell you some more secrets.

We established a fictitious company to sell olive oil. The company was operating, but was nothing but a cover and a front. We established this company to use it to send weapons to Latin America. We put weapons in barrels of oil, and obviously weapons will not ruin if they are put in oil. Through this company, we brought large quantities of weapons into Columbia, Argentina and Bolivia. From there they were distributed to all leftist movements on the continent.

Guevara was a committed nationalist. I remember that he came to talk with me about going to the Congo to organize Lumumba's ranks against the counter-revolution. At that time the Congo was split into several regions, each one with an armed resistance. Some were followers of Lumumba, and others were independent leftists.

When Guevara asked me, "What would you say if I told you that I want to go to the Congo?" I answered, "I respect your abilities and your nationalistic ideas, but we will have an argument if I advise you not to go. They will think of you as a white "teacher." I don't know if you would succeed there or not. Africa is different from Latin America in language, customs and color. These are all obstacles to your mission. It is not enough to be revolutionary and nationalistic to succeed everywhere.

Nonetheless, Guevara left for the Congo, stayed there a short time and returned to Algeria to tell me, "In fact, I didn't succeed. The climate is equatorial in both Africa and Latin America, but that was not enough for me to become a part of the people in the Congo."

Our Dispute over Self-Determination

He could only be convinced by something tangible. He wanted to test everything until it met with his personal satisfaction. We used to argue a lot. I don't remember arguing over many things or significant ones. There were only two things (or two issues) that we didn't agree on. The first was that he did not believe strongly in "self-determination." He believed in the party or leaders.

One day, returning from a discussion with the workers accompanied by al-Bashir Bu Ma'za, he came to tell me that he was right about not believing in self-determination. He said, "I asked one of the workers, 'You have goods you want to sell and you have two customers, one of whom is private and willing to pay a higher price, and the other (public) is socialist and can only pay a lower price. Which one will you sell your goods to?' The worker's answer was, 'Of course I will sell to the private customer who pays the higher price.'" The he asked me, "Where is self-determination, where is the workers' awareness?"

I smiled and answered him, "I don't think this indicates the failure of self-determination. Workers are not born with awareness, it grows and develops with experience." Of course, he was not convinced...The second thing was that Guevara also did not believe in unions. He was influenced somewhat by Trotsky in this. I always used to tell him, "There is nothing we can call a perfect phase; even the positive phase is not perfect. Something is always missing, and there is always some deficiency...For some time, I was not pleased with the unions. I was controlled by "labor attitudes", which made me fight the unions. However, all this was tied to its period in history, because at that time the dispute between workers and union headquarters and the latter's decisions was at its fiercest. The dominant trend in the unions at that time was being pulled by some backwards, unorthodox attitudes and was not devoid of undercurrents opposed to the revolution. However, I do not now consider unions to be against workers at all times and in all phases.

I Offered Him the Ministry of Economy

[Question] Is it true that Guevara went to southern Tunisia to organize or to help the popular resistance against Bourguiba? Some say this.

[Answer] I don't believe so. He didn't go to southern Tunisia. However, on his way to the Sahara, he had an automobile accident near Tunisia. A friend of his, a journalist who accompanied him on most of his trips, died in the accident. Surprisingly, Guevara was unharmed. I went to the site of the accident to be there when the body of this prominent journalist was moved.

[Question] Didn't you offer him the Ministry of Economy? What was his answer?

[Answer] Yes, I offered him the Ministry of Economy and to become a minister in the Algerian government, but he refused and was wise in doing so. He told me, "I might bring you more problems. They will raise an outcry against you at home and abroad." He added, "I want to go to the fighting, not the ministry. I am close to you; however, what would others say if I left one ministry in Cuba to come to another one in Algeria?" He never stopped showing his admiration for the Algerian revolution. He always told me, "You have made great strides, greater than those in Cuba. It is sufficient that you have nationalized all land in only 3 months after independence."

Here al-'Afif al-Akhdar says the following about Guevara, "I attended his meeting with Abu Jihad, which lasted about 4 hours. I published the transcript of the entire meeting in the Lebanese magazine AL-HURRIYAH in 1969. He was precise in his questions and answers with Abu Jihad. When the latter asked him about Cuba's ambassador in Israel, Guevara answered, 'He's a charge d'affaires, not an ambassador. We know he's an Israeli spy. His residence and the consulate are both free of charge. He sends us reports which we don't read or pay any attention to.' When Abu Jihad asked him, 'Why don't you end this relationship?' Guevara answered, 'We are waiting for you to force us. We are waiting for you to carry out some revolutionary act so that we can break off this relationship.'" Ben Bella resumes:

"Actually, Guevara was clearer in this matter. I found Castro backward in his position on Israel, while Guevara at that time was looking for a way to wage war against Israel. He was wonderful and did not tire of war. I remember the man until this day because he was very special."

VARIOUS SCHOLARS, OBSERVERS OFFER REMARKS AT 3-DAY ECONOMIC CONFERENCE

Conference Agenda Reviewed

Cairo AL-AHRAM in Arabic 13 Feb 82 p 13

[Article by 'Abd-al-Rahman 'Aql]

[Text] One of the most important discussions in the conference today concerns the special studies that the team of experts in the specialized national councils has prepared, reviewing the councils' view on the issue of development and the economy. The councils contain a number of experts from the executive agencies, and thus the studies that have emerged from them are distinguished by a realistic character, capable of being executed and far removed from a theoretical type of treatment of the problems of society.

The national council studies show that the intrinsic resources of the Egyptian economy, if properly used and directed, can absorb the 2 billion pounds in subsidies in order to break the intensity of the wave of inflation and guide incomes to be in normal balance with price levels. Here the view of subsidies, their figures and their increases go hand in hand with all elements of the domestic economy in terms of production and consumption. For example, if national product in the 1980-81 budget is estimated at 30.5 billion pounds in current prices, raising that by 5 percent will realize revenues of 1.5 billion pounds, or 75 percent of the allocations for subsidies. If family and government consumption, services, aid and so forth, which come to 17,885,000,000 pounds, are guided and reduced by 10 percent, that will save 1,788,000,000 pounds, or 89 percent of the allocations for subsidies. In the light of that, the approach to subsidies must lie within the context of three main dimensions:

These are production, the reduction of consumption and the realization of justice in the use of subsidies.

It is certain that as far as people with limited incomes go, subsidies are considered to be a vital element in preserving their standard of living, as long as the current inflation rate remains as it is.

One must withdraw subsidies from high-income classes on whose incomes or expenses the elimination of the currently stipulated annual per capita subsidies will not constitute a significant burden. These groups are people working on loan or on contract to work abroad, with their families; emigrants and their families; people working in Egyptian embassies and offices abroad and their families; people working in interna-

tional organizations and authorities abroad and their families; and families whose net annual income exceeds 3,000 pounds.

Experts' views on recommendations on eliminating subsidies in the case of people who are not entitled to them have become widespread, and the specialized national councils consider that the disbursement of subsidized commodities to groups that are entitled to them should continue.

The national council studies dealt with import policy and its effects on government and domestic industry resources. They provided a thorough analysis of the conditions of Egyptian foreign trade, the import policy currently in effect, the government's foreign currency revenues, the effect of import policy on these and on domestic industries, and also the effect of projects and free zones on them.

Among the most important council recommendations in this regard are the following:

Central planning agencies should be granted sovereign powers above those of all executive agencies, so that the planning community can set forth a national plan to bring about a linkage between sectoral and national goals over the medium and long range, while bringing about an interlinkage between them and economic liberalization policy. The plan requires research into the necessary intrinsic resources for economic and social growth and the optimum use of these.

A specialized agency such as an independent ministry of foreign trade should be established to effect coordination among export production sectors. This will study financial, credit, customs and foreign trade policy.

There should be a review of cooperative marketing policy, ridding the commercial public sector of organizational and financing restrictions and giving it the benefits of the private sector.

Projects related to the 1974 law on investment should be offered exemptions from import rules that the law gives to projects on fully-manufactured commodity imports.

In addition to the special view on our economic problems which have been presented to the conference today through the specialized national councils by an army of experts that functions throughout the year as an auxiliary body to the president, in accordance with the provisions of Article 164 of the constitution, which state that the national councils will cooperate in setting forth the general policy of the government:

Dr 'Abd-al-Qadir Hatim, general supervisor of the specialized national councils, has presented the councils' conceptions on general economic and social development strategy, which comprise a view of the future up to 2000 in the framework of various activities -- financial, economic, education and scientific research, services and social development, and culture. These conceptions deal with the issue of development from a point of departure which is integrated in economic and social terms. Economic development itself can grow properly and set forth only if it is accompanied by equal rates of social development which will bring about cultural advancement and political stability. On top of that, social development has a direct economic return.

The most important features of economic financial policy strategy include coping with the disruption in the foreign trade balance by following non-traditional strategies in guiding international economic cooperation policy based on a distinction among three international groups:

The capitalist industrial world: cooperation with this group is based on long-term loan agreements and detailed commercial agreements such as the one concluded with the group of Common Market countries to remedy the increasing trade deficit with that group.

The group of socialist countries: cooperation takes place with that through long-term economic and technical cooperation agreements to develop certain basic industries, provided that the agreement stipulate that the loans are to be paid off through the products of the industries which these loans are financing.

The countries of the third world, including the group of Arab countries: cooperation with these takes place through joint projects and multilateral production agreements which directly contribute to developing trade with them. Cooperation with the group of African and Asian countries takes place through commercial and payment agreements which are an important instrument in developing our exports to these countries, especially when accompanied by long-term facilities to insure these exports.

Economic financial strategy also involves an important dimension, in the form of the need to reduce the severity of bureaucracy by reviewing the organizational structure of the government, setting it forth on a basis that will guarantee it stability, and striving to coordinate agencies in order to avoid a repetition of labor — [for instance] repaving roads after the installation of water and sewer hookups. Distinction should be drawn between social and political goals and economic goals, so that prices may be determined on sound economic bases. It is necessary to establish an agency whose task will be to work to bring about the greatest possible balance between costs of living and prices, in the context of inflation and the increase in world prices of goods and services, and wages and salaries, in accordance with the available resources. A fund should be established for price stabilization, to defray the difference between economic and social prices.

Among the approaches the specialized national council studies pointed to in agricultural policy is price policy, because the prices of agricultural commodities are founded on a basis of interconnection, in the sense that a given crop or crops are not priced in isolation from other crops, provided that a number of considerations be taken into account when the prices are set forth.

Realizing the interests of agricultural producers and the public interest at the same time.

In estimating crop prices, account should be taken of their prices on world markets and an attempt should be made to bring the two prices closer together, so that that can lead to rises in local production and give peasants a worthwhile return on their output.

Crop prices should be declared after they are approved by the higher executive and popular bodies at the proper time, when the crop structure is being prepared, at least 3 months before the start of the agricultural year.

The pricing of production accessories should also be linked to price policy, and the subsidies the government pays out by deducting the prices of these accessories should be in proportion to production prices or the prices of products and should motivate production growth.

With regard to industrial strategy, experts in the specialized national councils stressed the view that it was necessary to adopt a number of measures so that industry could play its vital role in increasing domestic income. Among these measures are liberation of the public sector from its current subordination to government departments; supervision of management by holding companies and monitoring their activities by a higher development council. The benefits of the economic liberalization laws should be applied to national industrial company projects and the base of industries feeding the major industries should be broadened so that it will be possible to reduce the degree of reliance on imported components.

Conference Goals Assessed

Cairo AL-AHRAM in Arabic 13 Feb 82 p 13

[Article by Najla' Dhikri and Amal 'Allam]

[Text] There is no doubt that the broad masses of the people are raising great hopes that the economic conference now being held will put a limit to their daily vexations and sufferings and that economic decisions will be effective and binding as a result of the masses' participation. The economic problem involves all the people of this nation.

The Economic Page has circulated among the masses in order to determine what they want, so that that will be subject to the attention of the conference with the objective of bringing about this participation.

Incentives and the Productive Process

'Ali Labib, the first deputy minister of planning, stresses an important fact, which is that the definition of Egypt's economic identity must be made for the sake of a solution to Egypt's economic problems. The economic problem in Egypt is basically one of production. There is a deficiency in productive capability. National income consists of fortuitous revenues, such as income from tourist activity, the Suez Canal and Egyptians working abroad. Ultimately, the production process itself has come to entail negative effort. Therefore we must look inside our problems for a policy, and this policy must be followed by what is called a way, a means or a strategy. Egypt is suffering from an insufficiency of domestic and national capital as well as an absence of good markets, since it has no big economic conglomerations.

After a long-term experiment with a planned economy, the requirements of the Egyptian economy changed and a private sector emerged that could bear part of the massive burdens that government resources could not bear -- that is, Egypt now needs to have its economy liberated so that the hands of government intervention in the management of economic units will not be apparent in a way obstructing the productive process or miring it in red tape. Production increases when there are incentives; if the incentives increase, so does production, whereas if they shrink we will conversely suffer from an acceleration effect. There are priorities and degrees of importance

to incentives in the productive process. The government is not requested to be a merchant, manufacturer or farmer so much as to carry out such major projects as those involving the infrastructure, iron and steel, and so forth: these industries provided long-range returns which do not entice the private sector.

'Ali Labib adds that there must be competition in providing incentives to produce. The incentive the government is able to offer is represented by lower taxes or lower customs. We must forget the social function that has been imposed on the public sector and manage it in a commercial sense, that is, we should plan to have the public sector earn a profit, since it makes up all the bases of the Egyptian economy and accounts for 80 percent of Egypt's production. Therefore, it must be administered by strong management and must have a budget that is separate from the government. It must also be held carefully to account and a review must be made of public sector workers and employees and public sector management methods.

In the framework of remedying disruptions in productive structures, Dr 'Ali Yasin, president of the Real Estate Bank, says: "Before we begin the process of boldly reviewing the productive structures in Egypt, we must remove the companies that are organizationally damaged and infuse competence into the existing productive structure, since the existence of a single company suffering from disruptions means a constantly increasing drain in society's powers and the national income which we can do without."

Is It Possible To Industrialize for Export?

Dr Fu'ad al-Qadi says, "I ask the conference to study the establishment of new export industries in order to increase our industrial exports after studying the market and the tastes of consumers abroad. The presence of foreign companies in this field might be of help in this, and it is important to set out a long-range plan to increase production and consequently increase exports to the various countries of the world, especially ones where we enjoy a relative advantage, by increasing new investments in the public, joint and private sectors."

Dr Ra'fat Shafiq, in the National Planning Council's Industrial Planning Center rejects the notion of establishing factories just for export for a number of reasons, among them the fact that the Egyptian consumer is no less important than the foreign consumer and that adoption of this policy will have the effect of tying the Egyptian economy to the outer world in a subordinate manner because of total reliance on the outer world for the marketing of products and the creation of a sort of duplication in the realm of industry. This policy would require competing industries whose task would be to function in the foreign market, and for this reason they would find that their exports while paying no attention to the branches of the industrial sector that exists in the government and perhaps paying no attention to other economic and social sectors.

Muhammad Darwish, director general of the Federation of Industries, says, "Export activity by its nature is not characterized by continuity; what will a productive unit do if its activities are devoted to exports alone and it does not obtain export contracts?" He says, "We have a practical experience which proves the erroneousness of the notion of industrializing for export. That is the experience with the furniture and shoe industries, which were developed and encouraged for orientation toward the Eastern bloc; after exports to the Soviet Union were suspended, more than half the productive capacity of the plants went idle."

Dr Ra'fat Shafiq demands the following:

Exploitation of resources available in Egypt which conditions will allow to be processed.

Encouragement of joint projects which help develop and transfer technology in order to establish new products.

The grant of credit facilities to foreign or Egyptian investors who establish export industries in Egypt, provided that these facilities differ from those that basically exist.

Creation of marketing awareness among the existing companies, making data and information connected to foreign markets available. This will require the developemnt of the agencies involved in the Ministries of Economy and Foreign Trade.

The grant by local banks of financial facilities for exporters which will allow them a specific amount of liquidity to cope with export expenditures and the possibility of delays in opening credits with foreign banks.

Conference Promotes Economic Stability

Cairo AL-AHRAM in Arabic 14 Feb 82 p 9

[Text] In the statement he made before the conference's inaugural session, Dr 'Abd-al-Jalil al-'Amri, chairman of the economic conference praised President Husni Mubarak's concern for the attainment of development and economic stability in Egypt and his deep awareness that political stability, in its domestic and foreign forms, can in turn be realized only in a sound economic climate. Here is the text of the statement:

In the name of the honorable gentlemen present, and in my name, I thank his excellency the president for graciously attending the inaugural session of the economic conference. I also thank him for his concern for the attainment of economic development and stability in our beloved country and for the fact that he has placed this subject high up among his preoccupations, which are great.

The president, with his deep sense that although economic stability relies on the establishment of political stability domestically and abroad, political stability, in its domestic and foreign forms, can in turn be realized only in a sound economic climate, has, to this end, asked some of us to set out a conception on reforming the course of the economy.

He has also asked that this conference, which comprises the chosen elite of people concerned with economic affairs, be held to study the bases and policies to guarantee the attainment of economic stability.

Here I must refer to the felicitous tradition the president has set out in asking for opinions from people who are well placed to give them; this will inspire everyone to help think about problems and express opinions on solving them, and they will thus be helping the decisionmakers to arrive at sound decisions without interfering in their powers or responsibilities, in their capacity as decisionmakers.

In keeping with this notion, this conference, in its sessions, will be a unique opportunity for hearing the views of the gentlemen members concerning the basic issues determining the course of the economy. There is no doubt that these views and observations will be under the review of the president and the government apparatus, because they will be of assistance to them in the adoption of decisions.

I will not speak at length with you gentlemen; there will be extensive opportunities in the conference's time for lengthy discussion, and I therefore call upon the president to be so kind as to talk to us.

Prominent Economist Submits Views

Cairo AL-AHRAM in Arabic 14 Feb 82 p 9

[Article by Dr Samir Tubar]

[Text] In emphasizing the principle of participation by the people in decisionmaking, the Economic Page continues to give a forum to experts and specialists to express their views through daily practice and application concerning the economic problem which affects every citizen on Egyptian territory. The Economic Page is taking the opportunity of the convening of the conference, on its second day, to add these samples of views and recommendations that merit study and analysis to its studies.

The Economic Conference and the Strategic Dimensions

With the convening of the conference, which includes the elite of Egypt's economists and other people who are concerned with economic affairs and activities, an important question stands out:

How to correct the course of the economy?

We do not expect the answer to take the form of a detailed plan, a specific policy, or programs of execution. These matters come subsequently.

The fact is that in the past we have suffered, and we still are suffering, from the absence of a strategy to express the general direction we should set out from in order to draw up a stable economic policy which will be crystallized in a group of national goals comprising the essential promises for dealing with economic conditions.

The logical sequence of events passes through three stages that make up the philosophy of planning for economic development.

The first phase deals with the formulation of a national strategy to determine the general trends and national form of economic conditions and to confront a group of goals expressing the locations of remedies to the problems we are suffering from.

The second comes after the definition of the features and dimensions of the strategy and crystallization of the national goals. It is concerned with drawing up economic policies to realize the goals set out in accordance with the agreed upon strategy.

The third is the stage of execution, that of setting out detailed programs to guarantee that the policy is carried out.

We do not expect the conference to result in the formulation of an economic policy or programs of execution, but we do expect a clear definition of the dimensions of a carefully studied, clear strategy expressing the feelings of the citizens and the interests of the nation.

In the context of this dialogue, I would like to submit examples of issues that prompt discussion, call for definitions and require the crystallization of strategic dimensions.

The first issue: this is the issue of housing. It has become a tradition, repeated in every book and on every occasion, that we are suffering from a population problem and that the rapid growth in population is the main cause of our difficulties.

Is it true that a population growth of 2.7 percent should be considered high enough to require all this emphasis?

Are the effects of this policy the cause of a short-term problem, or will the expected expansion and the desired spread into the Egyptian desert require a large population and many workers?

The long-term view, in terms of the expansions we are outlining and the resources we are anticipating change the traditional view and cause us to take a different, deeply reflective stand.

If we accept the fact that the population growth rate constitutes a burden on economic resources, what rate should we attain?

The second issue: that is the issue of production. We do not differ over its general aspects; rather, we differ over the approach to it.

Everyone is fully convinced that increased production is a necessity. That will be the means for solving many of our problems. However, wastage and loss in the production process and the extremely serious consumption and distribution that it absorbs make increasing production an issue requiring careful attention. Therefore we must start by combatting wastage and loss before starting to increase production.

This point perhaps leads us to refer to the matter of expanding the agricultural area without discussing production costs, and industrializing at any cost.

In fact, the issue of production draws our attention to a discussion of the public and private sectors. What is the role of each? What rules govern each and govern the relationship between them?

The third issue: this is the issue of economic liberalization, its rules and its orientations. It is clear that there are people who confuse economic liberalization and economic freedom.

It has been our opinion that liberalization means eliminating the restrictions standing in the way of development, both in terms of dispelling confusion in the mind of the foreign investor and granting opportunities and eliminating restrictions in the way of the Egyptian private sector. However, it is a liberalization with rules which are governed by the priorities of the plan.

However, the system of economic freedom, which operates in accordance with free economic installations, is different. It must not give a society a price system in which there are disruptions, differences in income distribution, and unstable instruments of fiscal and monetary policy. What should the approach to liberalization be? What should the extent of it be, and what are its rules?

The fourth issue: this is the issue of housing, which impinges on the citizen in his most pressing needs. It is not an issue that bears on accounting exercises or individual judgment; it is an issue which requires the development of a pricing and financing system and a system of renting and ownership conveyance.

It is also an issue that touches on many of the problems we are suffering from. The vertical expansion we are witnessing today is the source of many of the problems we are exposed to in our daily life. Streets that accommodate 20 families, now that buildings have risen up in the place of mansions and the number of floors has risen uncontrollably, have become clogged with cars and strangled with traffic. In fact, sanitary drainage which was provided to accommodate a limited volume has become weighted down with service loads that are many times greater than capacity and therefore puddles and stagnant water have spread out everywhere.

In what ways shall we continue to expand housing through vertical expansion or horizontal expansion and deployment?

The fifth issue: this is the issue of subsidies. It is an important and touchy one. Will we view subsidies as an economic measure which therefore is subject from time to time to the individual opinions and decisions of fiscal officials?

Or will we view it in the framework of a long-range economic policy which acknowledges the fact that there are people with low incomes reeling under heavy burdens, suffering from swollen inflation and requiring protection, and that the government does not want to abandon its responsibilities toward this broad base of the indigent masses?

There is a difference in income distribution and subsidization, therefore, is a means of redistribution. Proceeding from this premise, one must view subsidization in the context of a long-range plan whose aim is to raise the standard of living and reduce the severity of differences in income distribution. With the gradual increase in the income level, there will be a gradual reduction in allocations to subsidies, until the time comes when the Egyptian citizen's income rises to a level where he can go without asking for and will not need subsidies. At that time the problem will be eliminated, from the objective standpoint. However, if there is no hope that we can raise the per capita income level, so that we can give the individual a life of dignity, then what are the goals of development?

The sixth issue: this is the issue of consumption. Consumption is the measurement of the living standard and the index of the citizen's well being. Therefore, the purpose in guiding consumption is not to limit or reduce it but rather to reorganize it, with the objective of helping it from being drained away in luxury items of the utmost splendor, while providing a volume of incomes that can be directed toward the savings needed to finance economic development.

The seventh issue: this is the issue of financing, foreign and domestic. Everyone tries to justify the good points of the measures he has taken and show that financ-

ing was sound during his administration of the economic sector but when someone else came in the situation changed and became different! The fact is that we do not intend to evaluate individual experiences and policies, but would like to reach agreement over setting forth general criteria governing the rules and components of financing. At what rate should we continue long-range financing? If there are certain kinds of activity that by their nature need short-term financing, at what limit must we stop?

In the realm of local financing, local savings still are minor and their role in financing investment is limited. Although there is a wide range of banks, they are not devoting adequate attention to investment.

Will we take a shortsighted view on this point and declare that the establishment of banks should be totally stopped? Or does the situation require review and re-assessment in order for us to conduct oversight over the banks that actually exist, review the permits of their establishment, and achieve the goals for which they were founded? If it appears that there are people who have not committed themselves to the attainment of these goals, they will face having their permits withdrawn.

Thus we will have come up with a sound way to set out the function and duties of bank oversight, and our agreement to the establishment of new banks will have become contingent on positive participation in accumulating savings and directing them into investments that will help move the wheel of development forward in accordance with the rules and priorities of the plan and in the framework of the government's financial and monetary policies.

The eighth issue: this is the issue of wages and prices, and attention to the need to create a sort of equilibrium between them. There are people who are calling for the prices of some commodities to rise to the world price level. In reality, there is no such thing as a world price level! This is because prices differ from country to country in accordance with circumstances of supply and demand. Prices are the offspring of the environment in which they arise.

However, we can agree that commodities should not sell for less than their cost, but rather that the cost should be covered in addition to a reasonable profit margin which will constitute the necessary reserves and self-financing for expansion objectives.

In addition, the issue of striking a balance between prices and wages is one that needs attention. At a time when we are claiming that it is necessary to raise prices, we must realize that the source of spending is incomes. If we take a rigid stand with regard to increases in these incomes, preferring only to raise prices, it will be as if we are directing production and available commodities to the affluent only and will be helping to increase the gap in the distribution of the fruits of economic development.

May God grant success to every Egyptian who contributes his thinking to illuminating the way for his people and clan and brings about good works by his hands.

[Signed] Dr Samir Tobar

Member of the National Financial and Economic Affairs Council

Economic Reform Discussions

Cairo AL-AHRAM in Arabic 15 Feb 82 p 6

[Text] The economic conference began its second day. President Husni Mubarak attended the first session and heard the discussions in the conference, whose sessions are being run by Dr 'Abd-al-Jalil al-'Amri and Dr Ibrahim Hilmi 'Abd-al-Rahman. At the beginning of the conference, Ahmad Nuh, the minister of supply, reviewed the current supply policy situation and said, "If we go back a number of years, we will find that the volume of the subsidies on supply commodities has grown greatly, having been 11,615,000 pounds in 1970, and now totals about 1,664,000,000 pounds in the 1980-81 budget. It is expected that their volume in the current fiscal year will come to about 1.8 billion pounds." He said that these tremendous leaps in the volume of subsidies arose from the change in the exchange rate, which shifted from 70 to 84 piasters.

When the exchange rate shifted, in 1979, subsidies which totalled 455 million pounds in 1978, suddenly rose to 952 million pounds. This was the result of a rise in the rate from 40 to 79 piasters at that time.

The supply minister said that in addition to the change in the exchange rate, the increasing volume of consumption has also had an effect in increasing the size of the subsidies.

The supply minister added that there are five basic commodities, such as flour, wheat, sugar and tea, which the Central Bank finances at the 70-piaster rate; the remaining commodities are financed from commercial banks as a group. The supply cards are 8.1 million in number and the number of people registered on them comes to about 39 million; basic commodity cards cost the government 23 pounds per person per year.

Dr Isma'il Sabri 'Abdallah had a question: Since the subsidies on high-grade flour have risen to 221 million pounds as a result of imports of 1.1 million tons of high-grade flour per year, why isn't the wheat imported and milled locally, to reduce the cost and consequently the subsidies allotted?

Ahmad Nuh:

"The total local output of high-grade flour is 200,000 tons, using the capacity available, and the byproducts of these amounts are used. This process is governed by considerations of the storage capacity of silos and the maximum capacity of mills, and milling capacity is not adequate."

The minister of supply then said that, on the basis of 1981-82 estimates, our imports will come to about 2,455,000,000 pounds CIF in value, delivered at the port of Alexandria.

Dr Rif'at al-Mahjub had a question: The increase that the minister of supply mentioned on the inevitability of the subsidies to 479 million pounds in 1979 [sic] because of the change in the exchange rate was a surface increase in a single year.

Dr Ibrahim Hilmi 'Abd-al-Rahman:

Dr Ibrahim Hilmi 'Abd-al-Rahman then reviewed a summary of the proceedings of the discussions following the president's arrival at the conference hall at 1030 hours. He said that the conference discussion drew attention on its first day by providing a suitable climate for economic activity for the execution of the plan, the recommendation of policies and programs and the need to allocate property and the means of production and distribution between the private and public [sectors] on a basis of sufficiency and social justice, as well as organizing the public sector, the importance of and means for having the government do its duty as an owner without interfering in the freedom of sound management, and the creation and strengthening of new companies. The discussions also reviewed economic liberalization policy and the work that must be done to attract capital and create a suitable climate for liberalization policy, though liberalization has been criticized for the direction it has taken -- for the most part, it has gone into commercial activity, and this calls for the definition of rules on imports. Dr Ibrahim Hilmi 'Abd-al-Rahman pointed out that it would take a 3-year period for the current economic structure to be reformed and its resources to be mobilized and that it was necessary to proceed with development in a scientific manner.

Nasif Tahun, chairman of the Nasir Bank:

The important point in studying the issue of subsidies is their effect on consumption and production, especially in the light of increased incomes. He referred to the conversation that is going on about bread and high-grade flour and means for differentiating between them in subsidization techniques. He pointed out, "If we eliminate the subsidies on high-grade flour, spaghetti prices will have to rise. Is it possible that this situation could be acceptable at a time when we are saying that our rice requirements are rising and that we might have to resort to imports?"

Dr Hamid al-Sayih, former minister of economy:

Dr Hamid al-Sayih submitted two questions. The first one included [a query on] whether there was data on the rates of increase of the consumption of basic subsidized goods such as sugar, wheat and flour and whether these rates were in keeping with the rates of population increase. The second concerned subsidies on certain commodities such as frozen meat, which is sold in Egypt at a very low price, totalling 68 piasters per kilogram, though we are not a meat-producing country; why isn't concentration laid on alternatives to meat such as poultry and fish? He added that the actual state of the situation requires a reduction in subsidies and an increase in wages, and that what has happened is that the two have increased together and the result has been the inflationary spiral that has occurred in everything.

Dr Mustafa al-Jabali, former minister of agriculture:

He said, "In our discussion we have stressed the issues of subsidies and liberalization. The working paper emphasized the provision of 400,000 job opportunities a year. If we look at the rural areas, we will find that half of this labor is there, but we are faced with the problem of migration from the countryside; people in rural areas are faced with a constant decrease in agricultural area and have no choice but to migrate to urban areas or Arab countries.

"The question every citizen is raising is what the future is for the provision of foodstuffs at reasonable prices. We must take a new, realistic look at the agricultural sector, especially with the changes that have occurred in recent years."

He remarked, "We have not used the positive features of the High Dam for Egyptian agriculture, in terms of controlling and properly using water."

Dr al-Jabali pointed out, "We still prefer to farm crops that stay a long time in the ground; here a review of crop composition is necessary in order that we may use the positive features of the High Dam. Through this, it is possible that we might not be faced with a water deficit."

He also pointed out that about 3 million feddans are being farmed with bersim, and that if we are supposed to orient ourselves toward agricultural mechanization, once it is developed in a manner suitable to Egypt, it will be possible to save half this area, which had been used for fodder for livestock. If we save 1.5 million feddans, it will be possible for us to allocate 750,000 feddans of that to sugar cultivation, producing more than 1 million tons of sugar a year and solving the problem of sugar imports. After that, it will be possible to allocate about 200,000 feddans to lentil cultivation, a further 200,000 feddans will be cultivated with fava beans, and the rest can be oriented toward oil crops.

Kamal Ramzi Istinu, former minister of supply:

He pointed to the need to orient oneself toward projects that require much manpower and little capital, such as agricultural and smaller projects, and to emphasize the importation and adaptation of modern technology. He brought up the subject of constant discussions of increases in world prices and stated "We must also talk about wages worldwide and the degree to which they are conform to wages domestically."

Dr. Mustafa al-Sa'id:

Dr Mustafa al-Sa'id demanded that the participation of the banking sector, especially that of the foreign and Arab sectors be increased, in the development plan by creating new channels to absorb private sector savings and direct them toward investment, especially the savings of low-level officials and laborers working abroad, rather than having them go to real estate speculation or consumer financing which is not in keeping with their social and economic conditions. Here is where the notion of real popular development through village banks becomes significant.

Former Premier Gives Views

Cairo AL-AHRAM in Arabic 16 Feb 82 p 4

[Text] Dr Mustafa Khalil said, "There is absolutely no argument over the fact that my brothers who have talked have dealt boldly with all problems, such as the need to limit population growth. I believe that this has been one of the main issues that it has been possible to express openly, even from the political standpoint. Here in the conference, our brothers who have spoken have all demanded a limitation on the rate of population growth and family planning measures, and we are all in agreement on that."

"As regards the existence of a plan, and plan investment, there has been no dispute on the plan figure that would prompt us to say that we are wary of setting the figure

of 4 or 6 billion. However, we must draw attention to a basic point, which is that if we come out of the conference with a figure, people will start to analyze it, government officials will say that these figures cannot be attained, and thus we will be like someone who gives hopes or figures that cannot be realized from the practical standpoint. The purpose in the data that their excellencies the ministers have presented here is to underline the real situation we have faced so that we then will be able, in the light of this data, to offer recommendations to develop the government's resources in order to arrive at the figure we want.

"I have not gained any impression that there is any sort of uneasiness about carrying out a plan. However, I must refer to a number of basic points, because we have all engaged in planning and plan execution, and the difficult conditions that we have faced since the peace agreement and the Arab countries' boycott have been harder than the conditions of 1967 and 1956 because here we have been faced with extremely difficult conditions. It has truly been possible, as Dr al-Qaysuni says, to create determination and to convince the people to respond to the government when they learn the facts. I cannot imagine saying that the 6 billion will be financed by the elimination of subsidies and military spending and through petroleum and that the conference will then have to agree to that. I can imagine that a conversation will take place because I was talking with Dr al-Qaysuni and asked him 'Where is the foreign aid? Where are the estimates on the government's increased income from economic activity in the future? If subsidies are abrogated today, wouldn't it be proper for the members to express misgivings about what will happen?' I believe that if we want to present constructive recommendations, there is absolutely no argument over the fact that we want to get the plan up to 6 billion. Indeed, I hope we can get it up to 10 billion and more. However, if we come out of the conference and present figures that cannot be attained -- the plan that will require 6 billion will require at least 3 billion in facilities. Are there enough building materials to reach this figure in the course of a year? Are there contracting companies that can meet it? There are studies which have been prepared and are in the possession of his excellency the housing minister showing that we have been compelled to make on these cement, iron and other construction material imports because the size of the plan has pushed us beyond our own construction capacity; when we start to talk about plan priorities, and I heard my colleagues talking about that, we must say that one of the first priorities is capacity and construction materials, because here we have not provided scope for discussion of the points and therefore I have said from the beginning that we must spell out specific subjects to discuss. If we are to talk about the plan let us do so, and if we are to talk about subsidies, let us talk about them, and the same with the economic structure and the means for correcting it. If we are to review fiscal and monetary policy, we can offer recommendations bearing on that, and when we talk about the employment of labor, is there anyone present who questions that we must provide labor for 400,000 people? I do not believe so. The basic dispute, and the basic fear, are that we might set out a figure that it might not be possible for us to carry out from the practical standpoint and that it might subsequently be said that the conference has presented fantastic figures that cannot be attained. However, the misgivings are not mentioned with the goal of inhibiting our concerns but rather so that we can find ways to evaluate the 6-billion figure. I wonder if that is possible. However, I must bear the minister of finance's views, and the misgivings or reservations that Dr Rif'at Mahjub referred to on the abrogation of subsidies must be set forth. As I see it, it is possible to deal with the issue of subsidies in numerous ways. Dr Hilmi contributed a thorough study on subsidies. Subsidies absolutely do not mean a rise in prices. Rather, it is possible to deal with subsidies by reducing production costs.

"I will give an example of this from the time we discussed raising bread prices. Ours was the only cabinet which raised the price from 5 milliemmes to 10 milliemmes at a time when it was not possible to touch the bread price. However, when we discussed the subject of subsidies, we found that we could do so by modifying the rates of production and by putting the silo next to the mill and the bakery, for savings of 25 percent, and that it was possible, by getting the bakery to carry out other activities instead of just making bread, to cover the cost of the bread and reduce the subsidies. We also found that 30 percent of bottled propane is used in workshops, and if we prohibit the workshops from using the bottled butane it will be possible for us to arrive at a 30 percent reduction in the subsidy provided for bottled butane. In addition, it will be possible to use natural gas in place of butane. This has been the government's policy at present, gradually to reduce subsidies. We can also do this in the case of vegetable oil; if it comes in crude form and is pressed, that will save 20 percent of the subsidies on these commodities. Tea as well — the subsidies provided for that come through customs duties.

"The conference has not been given an opportunity to discuss any of these subjects. In order for me to explain the reduction, guidance or elimination of subsidies, I will have to present it with an alternative plan. I believe that the conference will not produce any recommendations aimed at the elimination of 2 billion pounds in subsidies. I would make people accept by persuading them through the political agencies. I do not agree with producing this sort of recommendation through the conference but I imagine that we can set these issues forth and discuss them.

"The conference should recommend what can be done. Is it possible for us to reduce military spending? There is a specific international situation and a threat to our nation and our safety. There is a treaty [consisting of] Libya, Ethiopia and Yemen. There is a threat to Egypt from all these areas. If we guide military spending I do not believe we will come up with recommendations authorizing the view that one can raise the sum of 6 billion pounds by reducing military spending or by reducing subsidies, but these will be the two main sources of plan financing. As far as oil goes, I say that the income from that is taken to finance our basic commodity imports. If we take the oil income and allocate it to the plan, as is recommended, then how will we be able to compensate for the oil income which will subsidize the 50 percent we absolutely cannot produce next year or the year after that? Therefore, if we have to agree to this type of recommendation, I say that we will not be able to. However, if we are asked to study the details of these issues so that we can present recommendations and state concerns, I believe that it would not be bad at all if the conference took up this discussion. Thank you."

Conference Proceedings Reviewed

Cairo AI-AHRAM in Arabic 16 Feb 82 p 4

[Article by 'Abd-al-Rahman 'Aql and Hasan 'Ashur]

[Text] The economic conference's 3 days were full of views and approaches from various schools of economic thought. A tremendous mass of people with expertise and prominent opinions talked about our economic problems not purely from the economic standpoint but from various political and economic ones. We are submitting some of the experts' discussions and the reactions expressed in the conference sessions, which the president followed with utmost attention in the course of its 3 days.

Dr 'Abd-al-Mun'im al-Qaysuni said, "We have agreed on many vital subjects, among them the need to increase production, the need to operate Egyptian factories at full capacity, the need to improve income distribution, the need to provide an atmosphere of stability, and also the need to avoid inflation, train workers and raise their productive competence. The members of the conference expressed agreement with all these points yesterday, but it seems that we have disagreed over some issues. I believe that this dispute is a superficial one.

"First, there is a dispute over the plan period: should it be 5 years or 7? I believe that this is a specific point, not a major one, especially since the working paper did not speak of the need to set out a 5-year plan; I believe that a plan can be set out for a 1-year period in which matters can be reviewed and that it is also possible to organize internal affairs. I do not think that there are any obstacles impeding the preparation of this sort of short plan. After that, it will be possible to prepare a plan that is long-term in its vision and duration.

"Second, there has been a disruption in the economic structure of the Egyptian economy. Attention to services has increased, and all attention has been to commodity production. I consider that there is no argument over this particular point and that when the working paper calls for increased production, it is at the same time calling for increased commodity production, because that is the way to limit inflation and raise the standard of living in Egypt.

"Third, the capacity of the construction apparatus to carry out development plan requirements which come to about 6 billion pounds, is an important point and we might answer it by making a review of our abilities and restudying them. In this regard it will be possible to benefit from the point Dr Hamid al-Sayih referred to, which was that in accordance with the law on investment of Arab money and the free zones, 35 contracting and construction companies have been set up in Egypt and that it is possible to study chances for cooperating with these companies in order to take part in carrying out the program listed in the plan.

"Fourth, as regards financing, I believe that we have paused a certain amount before this point and have heard statements from the minister of finance and the minister of planning on it. In this regard let me offer you gentlemen a recommendation, which is that in regard to oil revenues, which consist of taxes and the Petroleum Authority surplus, I consider that these taxes should be added to the current budget revenues, that the oil surplus, which is 1.1 billion pounds, should be allocated to investment, and that we should turn this point into a principle that is always put in practice — that is, we should allocate the financing derived from oil to spending in the investment field. I also recommend that the 500 or 600 million pounds that are received as food aid and are added to the investment budget should be added on, as well as the earnings that can be made by guiding subsidies allocated to them, without having that produce any effects on social or political aspects. In this manner, it will be possible for us to save 200 million pounds the first year, which can be added to investments. In addition, Dr 'Abd-al-'Aziz Hijazi has pointed out that some public sector authorities and companies are realizing a deficit and that through some surveillance and good administration it will be possible for these companies to save up to 200 million pounds in their budgets if their resources are properly used. If the situation comes about in this manner, we will thereby be able to save 1 billion pounds in addition to the 1.1 billion pounds represented by oil revenues.

"You gentlemen know that the volume of investments will total 6 billion pounds, 5 billion of which will go to the public sector and 1 billion to the private sector. We must now think about obtaining the amount the government must invest and that can come about from the following sources:

"First, 400 million pounds, representing the amount listed in the investment budget.

"Second, 1.1 billion pounds, representing oil revenues; I believe, and Mr 'Izz-al-Din Hilal agrees with me on this, that the future could yield more such revenues.

"Third, 1.3 billion pounds, represented by the value of regular savings, which are also allotted to investment.

"Fourth, 2 billion pounds, which can be provided from foreign loans. Much discussion has been raised on this point on the feasibility of relying on loans, but I say that there is nothing wrong in relying on them now, to keep us from putting further pressure on the people. In this regard we have at hand the experiences of various countries in the world with the development process. Europe relied on foreign loans which it obtained from the colonies."

Final Conference Discussions Reviewed

Cairo AL-AHRAM in Arabic 16 Feb 82 p 9

[Article by Usamah Ghayth] The discussions of the third and final day of the economic conference were distinguished by wholly frank treatment. Fourteen members presented their observations on the working paper. The members agreed that this conference was trying to set out an economic plan for Egypt in the years of peace, that the economic policies that had become established in Egypt should not be infringed, that the goal was to support economic liberalization policy, that freedom of money and deposits in banks should be fundamental point of economic policy, that complete freedom of management in public sector companies should be left to the boards of directors, and that it was necessary to enumerate the groups that benefited from subsidies to guarantee that they were guided. At the end of the morning session on the third day, Dr Kamal al-Janzuri, minister of planning, stressed that the basic task was to define the priorities toward which investments should be directed in order to guarantee that the desired goals of economic reform were realized.

Dr 'Abd-al-Jalil al-'Amri declared that differences in views on the paper presented to the conference would be recorded as alternatives to the solutions submitted in the paper and would be presented to the president, so that it would be possible to draw up a final formulation for economic reform strategy.

The sessions of the third day of the conference started at 0930 hours in the morning. Dr 'Abd-al-Jalil al-'Amri, chairman of the conference, talked about the differences in views that the discussions of the first and second days had revealed on the working paper submitted to the conference. He said that these recommendations would be recorded as solutions and alternatives to the working paper's contents so that the output of the conference could be presented to the president and the final conception and formulation of the desired reform could be prepared. Members' statements then followed:

Dr 'Ali Lutfi, Former Minister of Finance

He said "It is necessary to draw up a new strategy that will comprise the broad lines of economic reform and this should be presented to the people's organizations. It should be possible to carry the plan out; participation by the masses is necessary because it is the masses that will take charge of carrying the plan out." He stressed "It is necessary to speak frankly with the masses on all economic matters because in the past when we talked about welfare, there was an increase in prices; when we talked about surplus, there was a deficit in the budget. We should not avoid giving the necessary amount of hope, but we should not exaggerate."

He also declared, "Organizations should be established to measure public opinion in order to ascertain how the masses are thinking and measure opinion trends on important problems. Leaders should also be selected because poor performance in some administrative agencies may be attributed to poor selection. Also, the past period has not involved a fixed plan; we followed the system of flexible plans. What is needed is that we have a fixed, binding plan." He declared, "All exceptions such as university admissions or the distribution of finished commodities, housing or television, should be eliminated, so that we can ask citizens to be model factors of production." He pointed to the need to create stability in the cabinet and the organizational structure of the government, stabilize economic laws and decrees, strengthen the role of oversight agencies and eliminate the secrecy of oversight and Central Accounting Agency reports.

He also referred to the need to guide public spending, increase revenues by eliminating the phenomenon of tax evasion and economic power centers, guide the use of electricity, refuse to give agreement to the establishment of free zones and review Port Said's [status] as a free city because of the widespread phenomenon of smuggling.

Mustafa Fathi Ra'is, Federation of War Factory Workers

"I do not agree that subsidies should be eliminated in 5 years. Rather, what is important is to guide subsidies. We must not stand with our hands tied over the question that has been raised -- who should be entitled to subsidies? Subsidization must be made through new cards (family cards). I agree with the working paper's request for the allocation of 300 million pounds for training, and I stand by the Ministry of Labor's recommendations on establishing a national fund so that Egypt can become a labor-exporting country."

Dr Sayyid Jaballah, Former Minister of Planning

He spoke about the food gap in Egypt and said "The average consumption of some food-stuffs has risen to double the production rate." He also pointed out, "Egypt is considered one of the greatest wheat-importing countries in the world. I ascribe the reason for this enormous gap to a number of causes, most important of which are the drop in the degree of self-sufficiency, the rise in the price and quantity of food-stuffs imported and the primitive nature of agricultural output, especially corn production. Also, the fixing of agricultural prices at a low level for many years has led to the flight of peasants to agriculture [sic]." He expressed his observations on the working paper and said "Setting out a figure of 6 billion pounds in investments at the beginning to guarantee the employment of 400,000 workers a year will not enable us to avoid drawing up a plan in a scientific manner, showing the real investments that will be required after it is prepared, and not at the outset. The Ministry of

Planning must be given the flexibility to estimate the investments that must come at the end of the provision of the plan."

Dr Sayyid Jaballah wondered about excessive wheat consumption, since we import at a high annual rate of increase, totalling 10 percent, while the rate of population increase is from 2 to 3 percent.

He pointed to the need to establish a joint agriculture and irrigation council to set out a plan for horizontal and vertical expansion in agriculture.

Nasif Tahun, Chairman of the Nasir Bank

"With respect to investments, we have not heard about the capacity of the construction apparatus in Egypt to absorb the figure of 6 billion pounds in investments. We all know that construction has been delayed in many projects because of a deficiency in construction capacity. There is also a question about the tremendous quantity of clothes we import; we have textile industries and the cotton crop can be used for this industry. I demand that surveillance be tightened over imported clothes." He said that the paper presented by the conference had put the development of the Egyptian countryside to the side.

He raised the issue of the constant encroachment on agricultural territory, which has got to the point of removing about 46,000 feddans a year, and the fact that the Egyptian village is being developed haphazardly.

Eng Hasaballah al-Kafrawi, Minister of Housing and Reconstruction

He said that he was in agreement with and supported the study Dr Mustafa Khalil had prepared and that in spite of the problems that the construction sector was suffering from in Egypt, in the form of differing structures and inadequate labor, the public and private sectors had construction capacity of 1.3 billion pounds, and this sector was making a real, vital contribution to the government plan. He pointed out that the plan should concentrate on infrastructure development.

Eng al-Kafrawi declared that cement output would rise to 4.2 million tons this year from 3 million tons after the completion of three new lines in the three existing companies.

Eng Fu'ad Abu Zaghlah, Minister of Industry

"It is necessary to take a decision on the problem of the public sector, now that numerous conferences have taken place and alternative solutions have been set forth. However, not a single decision has been taken yet." He declared that he had actually finished public sector development and that it was now before the Council of Ministers, preparatory to being presented to the People's Assembly. He said that it was possible to create alternatives and rapid solutions to the matter of the estimate of 6 billion pounds in investments set out in the conference working paper to guarantee training for 400,000 workers per year. He gave as an example of that a factory in the textile sector which received financing of about 222 million pounds and pointed out that another 200 million pounds were needed to complete construction of the project, which would produce 500 million pounds a year and would give job opportunities to 40,000.

On the problem of management in the public sector, Eng Abu Zaghlah said that all powers had delegated to the boards of the companies, that they had become the sole author-

ity, that it was just the general assemblies that were holding them to account, and that there were no other bodies supervising the companies.

Ahmad Fu'ad, President of the Bank of Egypt

He demanded that a scientific plan be set forth that would be prepared in accordance with the bases for preparing the general plan, but [said] that nonetheless we could prepare a set 5-year plan. That is on the one hand. On the other, we have pressing economic problems to which we must address ourselves today that can be solved through laws and decrees.

He pointed out that foreign currency resources had suffered chronic depletion as a result of periodic changes in economic laws as well as the shortage of tourist revenues. He said that in the present stage it was necessary to establish a specific agency in the Central Bank with which the public banks would help set the exchange rate, provided that this agency changed the exchange rates within limits that would lead to stability.

Dr Wajih Shindi, President of the Investment Bank

He said, "It is necessary to manage the Egyptian economy through an economic system at the project level. There is an opportunity to mobilize investments through savings domestically and people working abroad. The banks and financial institutions still have an active role to play in the investment process -- the banks have \$5 billion that can be invested instead of having to put 15 percent of that in the Central Bank."

He was in agreement with the contents of the conference paper on the subject of labor, especially the redistribution of existing labor and development of education in the direction of technical education.

'Abd-al-Mun-im Rushdi, President of the National Bank

He demanded that urgent reform measures be adopted through a program or plan to be carried out over 2 years, that tax policy and various aspects of spending be reviewed, and that fiscal balance be retained with the goal of arriving at a kind of balance at the end of the transition period. He also stressed that the population increase in Egypt represented an important part of the economic problem and that urgent reform measures should be aimed at restoring self-confidence.

Dr 'Atif Sidqi, Chairman of the Accounting Agency

In his discussion, he concentrated on the point that the most important economic problem is the existing production system's inadequacy in coping with actual requirements and the problem of the budget deficit and the balance of payments deficit which has led to the problem of reliance on the outer world. One reason for the economic problem in Egypt has been reliance on short-term policies: one can say, in some instances, that they have not been policies but reactions, and we have been remedying economic problems in fragmentary form while comprehensive view would require a comprehensive remedy as well, which would be connected to the essence of the economic problem, which is that there is not enough production.

In addition, while some people consider the population increase a problem, it is not a danger. The danger lies in squandering it. If it is properly used, it should be considered an important economic product.

The remedy to the production problem must lie in setting forth a system of interlinkage among the public, private and cooperative sectors, giving the private sector confidence and drawing its opinion on preparation of the plan.

In addition, one must not look upon subsidies as just a fiscal problem but also as a problem that has an effect on price relationships. He pointed out that he did not agree with the view that favored the public sector's subordination to the banks, because the banks' function was not to run companies; the idea of holding companies might be appropriate and reasonable.

Dr Isma'il Sabri 'Abdallah, Former Planning Minister

He laid emphasis on combatting inflation by increasing the government's revenues and not just by reducing public spending. The first approach to increasing revenues lies in taxes. This does not mean raising the tax rate but being firm in collecting taxes and respecting the principle of escalating taxes, because taxes do not make the contribution they should to government revenues in Egypt. America, which is a capitalist country, punishes tax evaders by hard labor. The second source is borrowing through long-term bonds, and the path is still open to this system.

He also stressed, "The public sector can be a source of income if it is dealt with fairly; we cannot live in an economy divided in this manner — liberalization without oversight. Public sector ownership must not be infringed because developing countries use this sector to create balances in prices, and the principle of worker participation in management must not be infringed; this participation is applied in West Germany and is currently applied in Paris. The public sector must be the equal of the private sector in realizing sales prices which consist of cost plus a profit margin, especially in the case of some machine goods such as Nasr-128 cars."

He raised the issue of rectification of the financing structures in the public sector by converting the loans the public sector has incurred with banks into participation — "public funds participation in public funds." If the banks hastened to contribute to the liberalization, they must in the first place contribute to the public sector, freedom cannot be fragmented; if company management is given free rein, that must be matched by freedom for workers' unions. He referred to the need to combine public sector companies in accordance with the theory of vertical or horizontal integration in the form of a developmental complex — that is, not holding companies, because the goal of the latter is profit, while the proposed developmental complexes have the goal of contributing to planning and coordination; if this conception is carried out, the public sector will realize surpluses.

He pointed to the need to mobilize private sector savings to make it possible to overcome dependence on the outer world. Recent debt service has come to 2 billion pounds, and after a number of years, aid and debts will be no greater than the rate of debt service! It is necessary to stop announcing the sale of Egyptian products in foreign currency.

Dr Mustafa Khalil, Former Prime Minister

The national economy has suffered from four successive wars and has entered the struggle of peace. This has been the cause for the lack of a plan in recent years. We have not been able to set out a fixed 5-year plan but since peace has been attained that is now possible. We must come out of this conference with a decision on the questions people had concerning the goal of the conference. This decision should be that there will be no infringement of set economic policies and that there will be freedom for deposits and money in banks. He stressed the need to increase the added value of our local products and gave an example of that: instead of exporting aluminum as a raw material, it should be processed in order to give greater value added. He raised a question on the tension [sic — probably means "delay"] review by the conference. He also stressed the need to use the armed forces for training, in view of the discipline that characterizes them, and declared that he did not agree to a reduction in armed forces spending as stated in the conference paper.

He asserted that the notion of holding companies was not an invitation to establish institutions for profit but that these companies should own units that actually exist; he said that new companies did not need to be established.

Dr Kamal al-Janzuri, Minister of Planning

At the end of the session he said, "We are suffering from numerous disruptions in income distribution and the distribution of investments. Also, there is the issue of runaway consumption and birth control, although the latter is confined to the problem of "indifference." He demanded that the conference set out and define priorities for investment because that is the basic problem; the size of investments is not the problem, or the question of the sectors to which investment must be directed to strengthen the financing of the Egyptian economy.

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CSO: 4504/212

CLERIC ACTIVATING SHI'ITE PROPAGANDA IN ARGENTINA

Tehran KAYHAN INTERNATIONAL in English 25 Apr 82 p 3

[Interview with Embassy Supervisor Seyyed'Abbas Salari, date and place not given]

[Text]

Hojjatoleslam Seyyed Abbas Salari is the Imam's representative in South America as well as the acting supervisor of the Embassy of the Islamic Republic of Iran in Argentina. Recently, the Hojjatoleslam made a short trip to Tehran during which he held an interview with the Persian daily Ettela'at (a major evening daily of Tehran). In this interview, parts of which will appear in the following columns, the Imam's representative in Argentina disclosed some interesting points on the necessity to make the real nature of the Iranian Islamic Revolution better understood by the people of South America as well as on the status of Muslims in that region and also the necessity for being equipped to foil the biased propaganda of imperialist news media against the Islamic Revolution of Iran.

Hojjatoleslam Salari started his statements by saying that he had been appointed as the head of the Iranian embassy in Argentina some 8 months ago, on the orders of the Leader of the Revolution and Founder of the Islamic Republic of Iran. He continued by criticizing the former status of the embassy of Iran in Buenos Aires and added that on the very first days he learned about the horrible situation of the so-called Islamic associations or federations, through participating in the sessions of the Islamic conferences

there. In this regard, he referred to 'imperialistic Islam' which the Hojjatoleslam said was directed by Saudi Arabia, through giving blackmail...

Another problem which the Imam's envoy in South America was faced with when he first arrived in Argentina, was that he did not know the language of that country and similarly many Argentinian youths interested in the Islamic Revolution of Iran, too, were not familiar with the

Persian language. "An ocean of oppressed and rights-seeking human beings in 20 states of South America, were eager to know more about the Islamic Revolution of Iran, but spoke only Spanish, that is, their own language," said the Imam's representative,

who in this way made reference to the shortage of tablighat (efforts to make Islam and the Islamic Revolution of Iran better understood for the peoples of the world) activities in our country. He

added that, however he had been able to publish 20 volumes of different books in Spanish, in an attempt to further familiarize the people of that corner of the world with the realities of the Islamic Revolution of Iran and more importantly about Islam and its true principles.

Half a Million Muslims in Argentina

The true nature of the Islamic Revolution of Iran remained unknown not only in Argentina but in the whole of South America, said Hojjatoleslam Salari, who further added that if there were any recognition about the Iranian Revolution it was limited to the level that the imperialist and Zionist news media presented through their biased and distorted reporting. He also stressed the need for broader facilities to make the true nature of the Islamic Revolution known in South America and to thwart the propaganda of hostile news media.

In a country with a population of 28 million (referring to Argentina) and with peoples from different nationalities, cultures and races, there were about one million Arabs and less than half a million Muslims, coming mostly from Syria and Lebanon. The Shi'i minority has been under total oppression, said Mr. Salari, who also added that nevertheless, in the past year they have been reborn thanks to the leadership of Imam Khomeini and are becoming further united and independent. The half a million Muslim population are not united at all and have instead formed different 'Islamic' associations, severely competing with each other. These centers are mostly aided by Saudi

Arabia and observe a ceremonial Islam, regardless of its sublime teachings.

The Shi'i minority in Buenos Aires had a similar status but since the past year and through hard efforts we have been able to organize and unite them, said the Imam's representative, who further added that with the collaboration of the Islamic Republic Embassy efforts were underway to build a mosque in Buenos Aires. He also noted that in the some 18 countries of South America there was not even a single mosque, except in Brazil where the building of a mosque had been abandoned unfinished.

The Ominous Influence of Zionism

The mass media in Argentina are all influenced by the imperialists. The ominous influence of Zionism in the economic dimension of this country is so high that all economic decisions are made under the direct supervision of the Zionists. In other words the Zionists are controlling the economy and media in Argentina. It is interesting to know that before the occupation of Palestine, Argentina had been considered for the settlement of the Jews and now according to published statistics, 300,000 Jews are living in Argentina, having under their control the mass media.

PROSPECTS FOR ISLAMIC COMMON MARKET DISCUSSED

Tehran KAYHAN INTERNATIONAL in English, 27 Apr 82 p 2

[Editorial: "The Islamic Common Market"]

[Text]

**IN THE NAME OF GOD, THE COMPASSIONATE,
THE MERCIFUL**

With the awakening of the deprived masses, the past masters of the game of imperialism are no longer capable of directly subjugating them. They now resort to other means for accomplishing their nefarious designs. One of the methods in vogue and employed by them for infiltrating the rank and file of the masses is to metamorphose their real culture and impart the patterns of their own liking to them.

The task is easily achieved through the development of trade relations with the countries they have in mind. An obvious example that can be quoted in this respect is Iran, where under the previous regime, Western culture had permeated through the very existence of every individual member of the Iranian society to such a degree that the use of the Western imported luxury and non-essential items was promoted as a social value.

At nightly banquets, the worth and personality of the invitees were determined on the basis of the imported perfume and eau de-cologne as well as the trade marks of the dresses they wore.

Consequently, an enormous part of the oil revenue was used up in the importation of non-essential consumer goods and luxury items. The total amount of foreign exchange spent on the importation of capital and essential goods was in no way comparable with the former.

As a result of the exercising of the policy and culture dictated by the West on the part of the previous regime, we had to import 240,000 items from abroad. Many of them under different trade marks were sold for fulfilling only one need of the people.

In other words, the pulse of the Iranian market was in the hands of the plundering international commercial concerns and we had to consume the junk goods, of inferior quality, sent by them for our use.

Fortunately, with the success of the Islamic Revolution, the social values changed and the patterns of the people's utilization of goods, determined by the West, also changed. We hope that this move made by the people will continue in the future.

Most of the deprived countries, the Islamic states in particular, are faced with this negative economic situation that has been hinted at above. Until the required momentum is not started in these countries, in order to curtail the sway of the superpowers over their destinies, the plundering international companies will keep on exploiting the oppressed people there.

What method, however, could be employed at this juncture for reducing the pressure exerted by the plunderers on the oppressed peoples and in what manner can the necessary economic independence be acquired? Hojj. Khamene'i, the president of the Islamic Republic of Iran during his recent meeting with the minister of finance, economics and planning of Pakistan discussed the rich natural resources, in the Islamic countries, as well as the reality that economic and commercial cooperation among the Islamic nations was essential. He proposed the creation of an Islamic Common Market in order to achieve that goal.

The common markets presently existing in the world are mostly there for encouraging bilateral trade among the member states on the basis of preferential tariffs. The said markets were brought into existence purely with the view of safeguarding member states economic interests. Nevertheless, they have gradually taken on a political dimension. For example, the European Common Market pursues its political objectives more than the economic ones.

However, the Islamic Common Market should not be a profit-producing concern, rather it should be a service rendering institution. It could become an effective entity towards improving the living standards of the people in its member states as well as reducing their politico-economic dependence on the superpowers.

With the formation of an Islamic Common Market and the instituting of the preferential tariff among its member states, they fulfil a great part of their needs in the field of non-industrial goods, such as garments, food, and many of the raw materials required by the industries through barter exchange deals. They could also provide one another with great economic gains. For example, the Pakistani farmer, who supplies rice to Iran, would no more be compelled to sell his commodity at cheap rates to international trading firms. On the other hand, Iran would also not be forced to pour enormous sums of money towards the purchase of the commodity into the coffers of international companies.

It is evident that the Islamic Common Market just after its inception will not be able to make its member countries self sufficient by means of mutual trade. But this matter should not become an obstruction in making a move.

In respect to many non-industrial goods, such as garments, food stuffs, oil, and the raw materials required by industry, the market would be able to make the member countries self sufficient to a great extent. With respect to other goods this can be achieved between 40 and 50 percent.

Obviously, the creation of the market is imperative, especially since this market could be a political counterweight on the world level. It would not only stand up and face the exercising of politico-economic pressures by the superpowers on the deprived, but considering the fact that the greater part of the oil resources and other underground resources of the world belong to it, could make imperialism and Zionism surrender vis-a-vis the joint and just demands of its members.

The creation of an Islamic Common Market in addition to safeguarding the economic interests and improving the living standards of its deprived peoples, will not permit the regime occupying Qods to sustain its existence and remove this tumor from the body politic of the Muslim world.

Hopefully the proposal for the creation of an Islamic Common Market will be accepted by all Islamic countries and the necessary steps for its creation brought about by them — the sooner, the better. *INSHALLAH!*"

CSO: 4600/441

MINISTER PROJECTS PLANS FOR HIGHER EDUCATION

Tehran KAYHAN INTERNATIONAL in English 27 Apr 82 p 1

[Report on interview with 'Ali Najafi, minister of culture and higher education]

[Text]

TEHRAN, April 26 (IRNA) — The standards for acceptance of new students into the universities have been defined and all applicants may participate in the entrance examination for universities throughout the country, said the Minister of Culture and Higher Education Ali Najafi. He added that a large number of new students would be accepted in medicine, agriculture, basic sciences, engineering and technical subjects for the Fall semester starting from Sept. 23 and the Winter semester starting from Jan. 21 in Iran. He also said that medical students and students having only twenty five credits left for their graduation in all fields were presently studying in the universities. The students of agriculture and basic sciences, technical sciences and engineering who had acquired more than 70 credit hours would continue their studies from Sept. 23 1982 said Najafi. Decisions on other students would be made by June 21.

Dr. Najafi said scholarships, would be divided into two groups, one of scholarships that had been presented by other countries to Iranian students and another group of scholarships which would be paid by the Culture and Higher Education Ministry.

He added that during the last year 30 students had been sent to Romania, Italy and Germany and more scholarships would be given to students in the current year.

Dr. Najafi said that students would be sent to the best universities in the countries which did not have hostile positions against the Islamic Republic of Iran and Iranian students should study subjects needed by the country. Referring to Iranian students studying abroad, Najafi said that there were more than 130,000 Iranian students abroad studying in foreign universities and that 1.465 million dollars of foreign exchange had been sent for them in 1978-80. Najafi added that it had been decreased to 670 million dollars in 1980-81 since many people were not studying in these

foreign universities or were at non-accredited schools; thus they were not eligible for receiving any more foreign exchange from the Islamic Republic of Iran.

Referring to the examination which would be given to students applying to study in foreign universities, the Cultural and Higher Education Minister said that in the current year, 1,000-1,500 applicants would be allowed to go abroad after passing a two part general and special exam. The applicants should learn the foreign language in Iran so that they would be allowed to enter the universities in foreign countries, at most, in three months' time.

The Marine College in Chah Bahar, in Sistan and Baluchestan Province, said Najafi, had been established by Britain and its administration and educational personnel were also British during the last regime.

After the Islamic Revolution, due to the necessity of reopening the college, it was reopened with Iranian personnel and Iranian and Indian teachers.

BRIEFS

REPATRIATION OF IRANIAN 'CHILDREN' SOLDIERS--Baghdad, 2 May (INA)--Iraq has decided to return the Iranian children captured by Iraqi forces in the theater of military operations during the past few days to their families through the International Red Cross without being exchanged for any Iraqi prisoners of war. Announcing this tonight, a spokesman for the Revolution Command Council said the decision was made out of our belief in Islamic cannon law, in accordance with the principles of the great July Revolution, in the spirit of our immortal forefathers and out of a desire to express our good will toward the Iranian people who have been afflicted by the rule of evil and suspect ignorants. During recent battles in the Ahvaz, Khafajiyah [Susangerd] and (Jananah) sectors the Iraqi Armed Forces captured children who were mercilessly thrown into battle by the Iranian enemy. [Text] [JN021758 Baghdad INA in Arabic 1740 GMT 2 May 82]

CSO: 4400/246

MAJOR HADDAD ON PRESIDENTIAL ELECTIONS, SYRIA

NCO21150 Marj 'Uyun Lebanon Voice of Hope in English 1000 GMT 2 May 82

[Address by "Free Lebanon" Commander Major Sa'd Haddad--intercepted in progress--live or recorded; place not given]

[Text] Exist in the capital, in Beirut. If any country is interested to help Lebanon to regain its sovereignty and its independence, this country should insist to reestablish the sovereignty in the capital and to try to assure, at least, a small piece of terrain in Sidon capital, where there will be a sovereignty--a Lebanese sovereignty. So, you see the unfairness of the behavior of the world against us. We, our people, should suffer, should be killed, nobody should care. If a terrorist--a Palestinian or pro-Palestinian--would be injured or wounded, all the world will talk about it. It is like if our blood has no value. It is like if we are not human beings. It is unfair. And it is time to put an end to this tragicomedy, which is played upon the Lebanese ground.

This puppet government is deceiving the world on saying that the main problem of Lebanon existing in the south, and asking the United Nations to help them to reestablish the sovereignty in Free Lebanon. In the time where this government has no 1 centimeter of terrain where it could practice its sovereignty.

For the future also they are talking about election of a new president. All the media sometimes--local media--talking about it, and also some so-called Lebanese responsible going to Syria, going to the states to ask them their opinion about their new president, how he should be, how he will be elected. But, nobody is asking if the deputies existing in Lebanon still have the right to elect a new president, the deputies which mandate their mandate finished since 6 years. They are no more deputies. They are calling themselves deputies of the people, but they are no more, effectively.

So, from now on you should know that any president which will be elected by illegitimate deputies, he will not be considered as legitimate president. Anyhow, what will be? The Syrian will bring a personally people. Too much docile and obedience to them, and they will [be] appointed as president. They will bring these so-called deputies and force them to vote for the person that they choose. So, and it will be the biggest mistake also of the free country and the UN to recognize such a president as a real president. Whoever will be, he will not be legitimate.

For that I call upon the Security Council and UN to intervene without any official request--to intervene in Lebanon--and to take the case of Lebanon on their hands, and to study it very carefully and deeply and to see the real situation in Lebanon and afterward to find a solution to help the Lebanese people. And this solution cannot be other than ordering the Syrian forces to evacuate Lebanon and the terrorists also to leave Lebanon and to bring back the authority to the hands of the Lebanese people, and let the Lebanese people live in a democratic way. Let the Lebanese people vote and select his deputies. Also, the Lebanese people should elect and vote for a new president. And, by this, Lebanon will be saved. And by this, the tragedy will be stopped. Thank you very much.

Now, I would like to address our friends also there. Thanks, should be welcome [words indistinct].

CSO: 4400/246

BRITISH EMBASSY IN BEIRUT TO BE REDUCED

PM301403 London THE DAILY TELEGRAPH in English 30 Apr 82 p 34

[Report by John Bulloch, diplomatic staff: "Beirut Embassy Cut After Threats"]

[Text] The British Embassy in Beirut, once the main regional centre for the Middle East and still a major listening post, is to be reduced drastically as a result of "specific threats and the generally deteriorating security situation."

A Foreign Office spokesman said yesterday that the ambassador to Lebanon would remain in Beirut "and a certain number of homebased staff."

The present intention is that no more than three or four people in addition to the ambassador will be stationed there, instead of the 17 diplomats and dozen or so nondiplomatic British staff now at the embassy.

The spokesman said that no decision had yet been taken on providing full consular service. But I understand that in fact no more visas are to be issued in Beirut, eliminating the need for a large number of locally employed and British staff, but also effectively denying large numbers of Palestinians and Lebanese the possibility of visiting Britain.

Morale at the British Embassy in Beirut and a number of other "high risk" posts around the world has been further eroded by another separate government decision.

Members of the SAS, the Special Air Service, who had acted as bodyguards to ambassadors have been withdrawn and replaced by men from the Royal Corps of Military Police. The move was made some time before the Falklands crisis erupted, and had a considerable psychological impact on some diplomats concerned.

At the height of the Lebanese civil war in 1976, the number of staff at the British Embassy never went below 14. According to the Foreign Office, security during the past year has got worse, and at the same time there have been certain threats against the embassy.

But the French, whose ambassador in Beirut was murdered and whose embassy compound has been a constant target, have no intention of reducing their representation. Nor have the Americans, who also had an ambassador assassinated and whose embassy has frequently been rocketed.

According to embassy records in Beirut, there are still some 2,700 British people living in Lebanon, while Beirut is regularly visited by businessmen. The severe cut in the number of diplomats will also make it more difficult for Britain to keep in touch with the Palestinians.

One of the main, though unacknowledged, functions of the Beirut embassy in recent years has been to act as an unofficial link with the Palestine Liberation Organisation.

In London, the Foreign Office said that the position in Beirut would be kept under review, and advice would be taken from Mr David Roberts, the ambassador, who has just returned there from leave.

But premises used as staff accommodation and held on long leases are being disposed of, and military and air attaches, previously resident in Beirut, have already been transferred to Amman and Damascus.

Foreign Office spokesman claimed that the changes proposed in Beirut had been under consideration for some time. But members of other diplomatic missions felt that the decision must reflect diminished British interest in the Middle East.

There was also considerable sympathy for Mr Roberts, an outstanding Arabist known as one of Britain's most effective diplomats. He will soon find himself with a much smaller mission than the one he headed in his last post, Abu Dhabi.

CSO: 4400/246

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

IMPLICATIONS OF RECENT 'RADFAN 81' MILITARY MANEUVERS

Beirut ISTIRATIJIA in Arabic No 4, Feb 82 pp 38-39

[Article by Amin Salamah: "The Operational Significance of the 'Radfan 81' Maneuvers"]

[Text] Between the 15th and the 18th of December last year, 1981, the armed forces of the People's Democratic Republic of Yemen conducted broad scale military maneuvers under the name "Radfan 81." All Yemeni officials were careful to attend these maneuvers, starting with President 'Ali Nasir Muhammad, the vice presidents, the minister of defense, other military staff and party leaders in the country.

This unusually heavy attendance at these maneuvers reflected their unusual character, even though such maneuvers are usually held every year at similar times as part of the plan for combat training. In the past official authorities had not publicized these maneuvers. This time, however, they did the opposite: they were careful to promote them in the media and to emphasize their military importance.

The first thing observers noticed about "Radfan 81" was the fact that these maneuvers were named after the well-known Radfan mountains of Yemen where the first shots of the October Revolution in South Yemen were fired in 1964 against the British. The military exercises were given this name to give this significant military event its special political dimension in the course of a stage during which conditions in the area are characterized by extreme tension and sharp polarization. The fact that officials in Aden showed these maneuvers on television for the first time affirms their political dimension. Minister of Defense Salih Muslih Qasim, who has held that position for a few months, declared in a speech after the maneuvers were concluded that, "These maneuvers were not a show of force or a threat to anyone. These maneuvers emphasize the readiness of the armed forces to protect the homeland from the occasional provocations of hostile forces. This is Yemen's exclusive right. The purpose of these maneuvers is essentially different from that of the maneuvers that were conducted recently by a superpower near the same Yemeni borders."

The underlying assumption for the maneuvers was that the political situation had become critical and there were foreign threats that had resulted from the fact that military units had arrived at a foreign military base where they were

being assembled for the purpose of invading south Yemen. Troops would be landed from the air and from the sea; coastal areas would be occupied; and Yemeni forces inside the country would be surrounded and eventually eliminated.

Friendly forces were called red forces, and enemy forces were called blue forces. Blue forces were represented by naval forces and air forces with armored vessels and landing gear. Red forces included various kinds of troops and troop preparations.

Operations began with troops landing from the sea. This was preceded by preliminaries from the artillery and the air force which lasted for a period of time. This was followed by troops landing from the sea and from the air inside the country.

Defending forces went after the attacking forces and inflicted heavy losses in men and equipment on the forces that landed from the sea. Red defending forces used the coastal artillery to destroy the ships and boats that were used to land troops. The air force fared quite well; however, successive waves of landing troops enabled some forces to establish a base on shore and set up a bridgehead which began to expand under the pressure of troops and heavy fire from artillery, tanks, armored transports, machine guns and helicopters. There were land battles between attacking and defending forces in which red defending troops were able to ward off attacks by blue troops and inflict heavy losses on them. Red troops were also able to eliminate the hostile troops that had landed from the air 50 kilometers from the shore for the purpose of surrounding the defending forces until the main forces enter.

After landing troops and vanguard forces failed in one battle after another, the resistance of blue troops began to wane and collapse until they were eliminated altogether, and victory for the red forces was declared.

Battles were fought in the second governorate and in part of the third; this comprised the coast of Yemen. The land was flat and suitable for the invading blue forces, but it was not very suitable for the defenders despite the presence of a few elevations.

It is in this regard that the operational and training importance of the Radfan maneuvers emerges: they comprised the four forces found in modern armies, such as land forces, air forces, naval forces and missiles forces. These forces coordinated their efforts against the enemy's imaginary locations, and they occupied these locations. This was the first time for all four forces to join in the maneuvers, supporting the popular militias that were playing an important role in opposing enemy forces, striking their rear lines and carrying out sabotage actions there. This reflects the development of high grade military combat capability in South Yemen's armed forces.

The second dimension of the maneuvers lies in the fact that Radfan 81 is regarded as the largest [military exercise] undertaken by Yemeni forces since these forces were established in both parts of Yemen. They proved that the Yemeni Arab soldier is capable of fully understanding the use of various kinds of modern weapons whose prominence was observed in these maneuvers. Yemeni soldiers hit their targets with precision, and this, as far as combat is concerned, makes the

army one of the most significant armies in the area regarding both number and gear. Minister of Defense Salih Muslih Qasim referred to this fact when he said, "The Radfan 81 maneuvers were a necessary test for the armed forces, one of the ways by which troops can be prepared for combat and the level of their combat readiness known. To defend the revolution Democratic Yemen needs a well-armed army that has military discipline."

The third dimension of the maneuvers was manifested in the fact that there were large numbers of missile launching vessels taking part in the offensive operations against enemy positions, firing a large quantity of missiles against these positions. Democratic Yemen has missile launching vessels to bolster its military capability to control the straits of Bab al-Mandab, especially at Perim, (Mayun), island which is located in the middle of the straits.

The fourth dimension of Radfan 81 was the fact that these maneuvers were held immediately after U.S. forces concluded their "Bright Star" maneuvers in Oman and Somalia. That is, these maneuvers were an immediate response to the Bright Star maneuvers, even though this was not declared officially. In fact, as far as quantity and quality are concerned, the magnitude of Radfan 81 maneuvers exceeded that of Bright Star.

The maneuvers had another dimension that manifested itself in the fact that they were carried out in accordance with eastern military doctrine and utilized Soviet gear and weapons. From a planning and theoretical standpoint, therefore, and in so far as they applied to Democratic Yemen's real conditions, these maneuvers, therefore, are considered applicable to Democratic Yemen's true conditions. They indicated that the Yemeni soldier is capable of fully understanding weapons [operations] and coping with combat regardless of the source of this gear. Discipline in the army of Democratic Yemen was evident to everyone who watched these maneuvers.

The sixth dimension of the maneuvers records the significance of a strategy that has to do with their political aspect. These maneuvers coincided with declarations from Aden and Sana'a of numerous unification steps that were being undertaken in both capitals. These steps have implications on conditions in the area. They open up practical prospects of what the army of a united Yemen can be like in numbers, efficiency and gear in the event that unity between the two parts of Yemen is completed.

If some political and military observers thought that the Radfan 81 and Bright Star maneuvers were nothing but an indication of the sharp international polarization that is taking place at the present time and its effects on the region, especially on this sensitive area in the world, these observers did not realize that Radfan 81 both surpassed and overshadowed the Bright Star operation.

8592

CSO: 4404/400

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

DETAILS OF SABOTAGE OPERATION REVEALED

Beirut AL-HURRIYAH in Arabic No 1054, 8 Mar 82 p 21

[Article by Samir Muhammad: "Gang Accused of Sabotage against Democratic Yemen on Trial; U.S. Experts in Saudi Arabia Trained the Gang"]

[Text] Not too long ago and specifically after Saudi reactionaries failed to establish their leadership over the Arab area at the Fez Summit because of the unified position the Defiance and Opposition Front assumed vis a vis Fahd's initiative, Arab reactionaries headed by Saudi reactionaries and supported by the United States returned to shore up the reactionary forces of destruction and to apply pressure to the various parties of the opposition. Syria was the model scene for the sabotage operations where these operations, which were carried out by Muslim Brothers, assumed serious proportions.

Also in this framework, members of a gang of terror and destruction had slipped inside the People's Democratic Republic of Yemen to carry out sabotage activities. Their aim was to blow up and destroy a number of economic establishments, residential buildings, oil tanks and gas stations; to create chaos and arouse fear in the hearts of citizens in Democratic Yemen; and to disturb peace and stability. An official source in Democratic Yemen revealed the nature of this criminal mission with which these groups had been charged. Security agencies had been able to monitor the actions of these groups who were arrested before carrying out their criminal acts. AL-HURRIYAH's correspondent learned from well-informed sources that Saudi reactionaries were behind the organization, training and financing of these groups and that they were assisted by experts from the United States of America and Britain.

On February 15 members of this group were taken to the Yemen Arab Republic's supreme court. They are Hasan Nasir Ahmad, Nasir Fadl Nasir, Ahmad Husayn Ahmad, 'Ali 'Abdallah Dahmas, Mahdi Sa'id Ba'udah, Sa'id al-Khadr Bahmil, Salih Muhsin al-Khadr, Rashad Sa'id Tarish and (Mazib) Hadi Ba'udah. It has been learned that these terrorist elements were from families that have a historical resentment against the progressive measures of the 14 October Revolution. They also resent the former National Front, which is now the Yemeni Socialist party. The charge that was made against these people was that they had joined a hostile group supported and financed by imperialist and reactionary forces and that their purpose was to carry out destructive activities against the national progressive regime. This was manifested in blowing up vital establishments and

projects and economic institutions and bringing explosive materials and explosive charges secretly into Democratic Yemen to be stored and used [later] in their terrorist actions. The presiding judge indicated that there was abundant evidence to convict the defendants and to inflict upon them the penalties required by the Penal Code. After that the defendants confessed in court that they had undertaken to carry out the crime; that they had joined forces hostile to the revolution and the country; and that they had been trained in training camps in Jeddah in the Kingdom of Saudi Arabia to use explosives and to bring those explosives into Democratic Yemen for the purpose of carrying out sabotage activities.

Conspiracy Episodes Are Linked

AL-HURRIYAH's correspondent in Aden learned from well-informed sources that the terrorist elements had been trained in one of the hotels and a group of villas in Jeddah under the supervision of a number of U.S. and British experts in terrorism. They were assisted by translators who are thought to be members of the Muslim Brothers gangs in Syria. While in the Democratic Yemen Republic [these individuals] were receiving instructions from broadcasts that were transmitted from Jeddah. The broadcasts were made in special ciphers (old Yemeni songs) that have certain meanings. This gang's principal leaders were in the city of Ta'izz in the Yemen Arab Republic. It is believed that these terrorist groups intended to carry out their sabotage operations on 11 February 1982. There was more than one occasion on that day: it was memorial day in Democratic Yemen; it was the day the National Democratic Front was established in the Yemen Arab Republic. This day comes at the end of the successful peace conference that was held in London on the Middle East and the dangers of the military imperialist establishment. These terrorist actions were to have been accompanied by an attack by mercenary groups across Omani territories and by a broad, concentrated attack on the locations of the Democratic National Front in the Arab Yemen Republic by the forces of 'Ali 'Abdallah Salih. The purpose of these actions and attacks was to liquidate the National Democratic Front and put an end to its existence. [Reactionaries] believed that as a result of these broad terrorist activities Democratic Yemen would not be able to champion the National Democratic Front.

Over 1 year ago information was leaked into Democratic Yemen that a secret meeting had been held between representatives of U.S., Omani and Egyptian intelligence--this was during al-Sadat's administration--and that an agreement had been reached during that meeting to carry out destructive activities against Democratic Yemen. Roles were distributed at that meeting among the hostile forces. At that time Saudi reactionaries preferred to stay in the background with regard to this terrorist plan. However, after Democratic Yemen rejected Fahd's proposal at the Fez Summit in the clear and unequivocal position it assumed, Saudi Arabia began again contriving plots and exporting terrorism to Democratic Yemen. This was what was meant by the statement made by the Saudi minister of information about regarding Democratic Yemen a dagger in the heart of the Arab nation that had to be removed. It is to be noted that an experimental radio broadcast which is financed by Saudi reactionaries has been operating in Khartoum for 3 months. Its function is to scheme against Democratic Yemen and incite against its ideological positions, policy and Arab and international alliances.

Broad Political and Popular Action

Comrade Salim Salih, member of the Central Committee of the Yemeni Socialist party and minister of foreign affairs met with representatives of accredited diplomatic delegations in Aden on the morning of 15 February. He explained to them the dimensions of the conspiratorial plans that the terrorist gangs were going to carry out to disturb the peace and stability of Democratic Yemen and its citizens.

On 17 February crowds of workers, peasants and students left the places of work, production and study and assembled in the hall of the General Union of Workers in the Democratic Yemen Republic, asking that the people's verdict be effected on members of the terrorist and sabotage gang.

8592

CSO: 4404/416

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

BRIEFS

ECONOMIC PROTOCOL SIGNED IN MOSCOW--South Yemen has signed an economic protocol with the Soviet Union, the Soviet news agency Tass reported last week. Under the terms of the agreement, the Soviet Union will help South Yemen in the construction of industrial, agricultural and irrigation projects, as well as carrying out surveying and prospecting work. The two countries also agreed to start joint projects to improve port facilities at Aden and to build a space communication station in South Yemen. The signing of the new protocol followed meetings in Moscow of a joint bilateral commission on economic and technical cooperation. In October 1979 the two countries signed a 20-year treaty of friendship and cooperation. In addition, South Yemen has observer status in COMECON, the socialist countries' economic organisation. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 15, 12 Apr 82 p 5]

FLOOD DAMAGE OVER \$900 MILLION--The torrential rains and floods which struck parts of South Yemen at the end of March left 842 people dead and almost 10,000 families homeless, according to a government communique released last week in Aden. The heavy toll inflicted by the floods included the loss of 50,000 head of cattle and the destruction of bridges, dams and irrigation channels. Agricultural areas were flooded, crops were ruined and agricultural machinery put out of action. The Aden government estimated the damage in financial terms of about YD 320 million (\$937 million), adding that the economic losses suffered as a result of the floods could affect the country's development plans for several years to come. The South Yemeni Cabinet which met last week to discuss a special government report on the disaster called for mobilisation to reconstruct the economy and asked South Yemen's "brothers and friends" to contribute. King Khaled of Saudi Arabia has donated SR 18 million (about \$5.4 million) as well as tents, food and medical supplies for the flood victims. The worst-hit area, a coastal plain dominated by high mountains, was the Aden region and four governorates in the southwest of the country. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 15, 12 Apr 82 p 5]

CSO: 4400/244

BRIEFS

TURKISH FIRMS WIN HOUSING CONTRACTS--Turkish construction companies have won contracts in Saudi Arabia worth almost \$850 million to build houses close to the holy cities of Mecca and Medina, it was reported last week. Non-Muslims are barred from both cities. Soyak-Binladen was awarded a contract worth \$468.5 million to build 2,592 housing units outside Mecca, according to the OPEC news agency. Two other Turkish companies, Kutlutas and Enka Holdings were given a \$380.6 million contract to build 2,084 individual houses outside Medina, the report added. This contract is being backed by a credit of \$97 million arranged by Western banks headed by American Express. Turkish executives said it was the largest credit extended to a private company in Turkey by Western banks in the past seven years. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 16, 19 Apr 82 p 6]

SI BANK PROFITS UP--Saudi International Bank, a London consortium bank 50 percent owned by the Saudi Arabian Monetary Agency (SAMA), increased its operating profits by 52 percent to L14.1 million (\$25.4 million) in 1981 and increased its balance sheet by more than 60 percent to L2 billion (\$3.9 billion). The bank is now the largest of the London consortium banks and bigger than all but a few of London's traditional merchant banks. It was founded in 1975 by SAMA, two leading Saudi commercial banks, and six international banks. Saudi International has recently opened representative offices in New York and Tokyo. Last year the bank increased its capital funds to \$176 million by means of a \$60 million subordinated debt issue. Since the year-end shareholders have increased equity subscriptions by \$18 million, bringing the total capital funds to \$198 million. During the year the bank managed 42 loans for sovereign and corporate borrowers with a total value of \$12 billion. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 14, 5 Apr 82 p 11]

BRITISH WIN PETROCHEMICALS CONTRACT--A L500 million (\$890 million) turnkey contract for a petrochemicals project in Jubail, Saudi Arabia, has gone to Foster Wheeler Energy, the British subsidiary of the US-based Foster Wheeler design engineering group. Petrokemya, a joint venture by the Saudi Basic Industries Corporation (SABIC) and the US-based Dow Chemical, awarded the contract to Foster Wheeler Energy after considering bids by the US-based Badger group and France's Technip. The contract is for the overall management, engineering, procurement, and construction of a petrochemicals complex to be built at the industrial city of Jubail on Saudi

Arabia's Gulf coast. The scheme includes a 500,000 tonnes a year ethylene plant and a 180,000 tonnes a year plant to manufacture linear, low-density polyethylene plastics. According to Foster Wheeler Energy, the award of the contract will lead to worldwide tenders for about L200 million (\$356 million) worth of equipment and material subcontracts. The Jubail project is scheduled for completion in 1985-86. Eventually, some 50 percent of the ethylene produced will go to the Sharq group for use in the making of such products as ethylene glycol, which can be used to make a range of goods such as anti-freeze and fibres. The Sharq group is a joint venture by SABIC and a Japanese consortium led by Mitsubishi. Petrokemya is to take half the ethylene glycol production according to a general cooperation agreement. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 15, 12 Apr 82 p 7]

RIYAL DEVALUED--The Saudi Arabian Monetary Agency (SAMA) last week devalued the Saudi Arabian riyal from 3.42 to the dollar to 3.43. SAMA gave no reason for the devaluation, which is the ninth since December 1980. Gulf bankers interviewed by Reuters said they could see no reason for the timing of the parity change. One dealer was quoted as saying: "The only purpose that seems to be served by today's change is to remind people that the parity can change." [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 15, 12 Apr 82 p 7]

CSO: 4400/244

OPINION POLL JUDGES GOVERNMENT PERFORMANCE

Tunis LE MAGHREB in French No 51, 10 Apr 82 pp 28-29

[Article by K. E. F.: "Tunisians and the Government's Action"]

[Text] The least one can expect of an opinion poll conducted with a minimum margin of error is that, based on a representative sampling of the population, it will reflect public opinion on a given question at a specific point in time, in this particular case, the results of 2 years under the Mzali government. Based on a sampling of 100 persons from the various socioprofessional categories existing in Tunisia (in Tunis and its main periphery, industrial as well as rural) from 22 to 29 March 1982, the poll showed the following:

Nearly 50 percent of the persons questioned either believe that the past 2 years have brought about no notable changes, or that it is simply a matter of a change in persons in power, the switching around of political leaders (see question 1).

When asked about positive action by the government over the past 2 years, some 48 percent of those questioned do not view it as positive, but rather, as inadequate (question 2).

Among the seven actions proposed as the most positive of the 2 years under Mzali, the "democratization of political life" gathered only 16 votes, coming after the "legalization of the PCT [Tunisian Communist Party]" (20 votes) and before the "upcoming elections" (6 votes) or "amnesty" (3 votes). The score achieved by the elections reveals the view of most Tunisians on the first pluralist elections in Tunisia and will not fail to raise questions (question 3).

It should be noted, however, that the wage negotiations of February are viewed as a positive point and are found among the three most positive actions of the 2 years, although the wage increases obtained are under expectations as far as social justice is concerned. Nearly half of the persons questioned find that there are no major changes in the economic and social policy of the new government and over a third think that social inequalities have been maintained or even worsened (question 4).

In the context of foreign relations, the results of the poll think they are inadequate, inasmuch as 30 percent of those contacted believe that Tunisia's

relations with Arab countries have simply been balanced, while 47 percent believe that we have normal relations and no more with our Maghrebian neighbors (questions 5 and 6).

Questions

1. Mzali has been prime minister for 2 years. In your opinion, have there been:

Major changes	19%
Minor changes	35%
Mere change in persons	23%
No change	16%
No opinion	7%

2. Regarding the democratization of Tunisian political life, the action of the Mzali government has been:

Very positive	7%
Positive	22%
Inadequate	48%
Negative	16%
No opinion	7%

3. The three most positive actions of these 2 years under the Mzali government have been:

Release of political prisoners	65%
End of the UGTT crisis [Tunisian General Federation of Labor]	33%
Wage agreements	23%

4. The economic and social policy has:

Helped establish better social justice	12%
Made no substantial changes	47%
Worsened social inequalities	36%
No opinion	17%

5. Regarding Tunisia's relations with Arab nations, the action of the Mzali government:

Has greatly improved them	37%
Has simply balanced them	30%
Has had no effect	15%
Has compromised them	1%
No opinion	17%

6. Since Mzali has been prime minister, Tunisia has had what kind of relations with its Maghrebian neighbors?

Excellent relations	10%
Good relations	27%
Normal relations	47%
Poor relations	3%
No opinion	13%

11,464

CSO: 4519/162

NDF OFFICIAL ATTACKS GOVERNMENT POLICIES

Beirut AL-HURRIYAH in Arabic 22 Mar 82 p 27

[Article: "President of National Front in North Yemen Says in Beirut: 'Saudi Arabia Paid 400 Million Dollars To Flare Up War' "]

[Text] Last Monday, March 15, Comrade Sultan Ahmad 'Umar, president of the National Democratic Front [NDF] in the Yemen Arab Republic held a press conference in Beirut. It was attended by Comrade Mujahid al-Kahali, member of the front's secretariat. At the press conference Mr Sultan dealt with the most significant new political developments in his country and in the Arab region, indicating the front's position on many of these questions.

Sultan 'Umar began his statement by focusing on the destructive imperialist role played by the United States and reactionary Zionism against liberation regimes and the Arab national liberation movement in general.

Then he dealt with conditions on the Lebanese scene and the importance of supporting the Palestine Revolution's Arab liberation movement and the Lebanese National Movement. [He also talked about the importance of] Yemeni fighters' participation in the ranks of Palestinian Resistance.

Then he changed the subject to talk about new developments in current conditions in North Yemen.

He said, "We, in the Yemen Arab Republic, have been facing grievous terror and ugly, continuing repression throughout the past years because we proclaimed slogans of struggle to preserve the sovereignty of our country; to protect its independence against the intervention of Saudi reactionaries and U.S. imperialism; to realize public freedoms; to ensure human rights in our country; to improve living conditions for our citizens in the face of backwardness and poverty; [to fight the life style of] the dark Middle Ages; to restore the unity of our divided Yemen; and [to create] an independent, non-aligned united Yemen by peaceful and democratic means. [For these reasons], and for 1 year to be specific, our people and the fighters of our front have been subjected to a military campaign which in all aspects is an over-all extermination campaign, the likes of which at the present time can only be found in a few countries like occupied Palestine, El Salvador, South Africa and Chile."

Mr Sultan asked, "Who could have imagined that for almost 1 full year our people have been facing a war in five provinces that has not stopped for one day? [Who would have imagined that they have been fighting] against the biggest campaign in which most of the armed forces are being used along with Muslim Brothers mercenaries, war merchants and heavy weapons such as airplanes, missiles and tanks?"

Mr Sultan then reviewed the various, varied and extremely brutal forms of repression and torture that fighters of the National Front and the broad masses are being subjected to in North Yemen at the hands of the government's functionaries and hired hands.

He went on to say, "In view of these brutal acts that are without parallel, it was natural that the masses would refuse to yield and that the front, which is bent on fighting to preserve security, peace and stability, would refuse to yield also. It was natural for the front to oppose this war that was being waged for no reason by the forces of the existing reactionary regime with the prodding of imperialism and reactionary circles that do not want our people to stand on their feet and achieve their freedom and their unity. It was also natural that this war, which is still going on, would have grave consequences and cause tremendous losses. [It was natural] that the front and the masses of people inflict losses on the ranks of the government's campaigns, to break those campaigns and to prevent them from taking liberties with the rights of the masses. The front was compelled to take hundreds of soldiers prisoners; to destroy many heavy, medium and light weapons that belong to the state; to seize many of these weapons; and to seize mercenary forces. During last week's battles two airplanes were shot down and 10 tanks, 15 armored vehicles and a large number of trucks and other machinery were captured in the battles that took place in the provinces of al-Bayda', Dhamar, Ta'izz and Ibb."

Government Breaks All Agreements

Mr Sultan said, "The front is unhappy about this ongoing war which is being waged by the state against the masses of our people. We called for an end to the war, and we made numerous agreements with the government to end it and to abide by a political solution to the existing crisis. This was included in the January 1980 agreement between the front and the government. Despite this agreement which the government violated with its military campaigns and its insistence on pursuing an anti-democratic course, and despite numerous subsequent agreements that the government also did not abide by--especially the government factions that are more hostile to our people's freedom and economic and social progress--the front continued to insist that a dialogue continue and that a program of peaceful, democratic development be pursued in the constant effort to find a way out of the worsening crisis from which the masses of our people have been suffering."

Comrade Sultan renewed the invitation to stop the war, and he also invited the press and news agencies to reveal the dimensions of the war that is being fought against the masses of our people in North Yemen. Comrade Sultan called upon democratic fronts that advocate peace in the world, the United Nations and concerned international organizations, to condemn the war of extermination that was being carried out by the government. He asked these organizations to join

in solidarity the people of Yemen and their National Democratic Front by offering food, clothing and medical supplies to the thousands of families that were made homeless by the war and who lost their homes and their land.

Saudi Arabia and the Muslim Brothers Group: Broad Role in Flaring Up War

He went on to say [the following] about the events he expected in North Yemen.

"Our problem in North Yemen lies in the fact that the government is made up of numerous anti-democratic factions. These factions are approved and supported by reactionary regimes, especially Saudi Arabia, and by U.S. imperialism. Saudi Arabia, for example, paid 400 million dollars to finance this campaign against our people."

Mr Sultan went on to talk about the dialogue that was taking place in the shadow of the ongoing fighting and said, "Muslim Brother groups that have ties with reactionary circles do not abide by agreements despite the fact that 'Ali 'Abdallah Salih agreed to continue the dialogue. It is the first time in the history of the country that the government is issuing a mandatory conscription law. We have always been committed to continuing the dialogue because therein lie the real interests for the progress of our country and the establishment of democracy."

Regarding the presence of the front and the size of the liberated areas he said, "The front can be found in Ibb, in parts of al-Basitah, in important parts of the province of San'a', in the western region of Dhamar province, in parts of Ta'izz province and in vast areas of the northern province on the borders with Saudi Arabia."

Mr Sultan added, "The front can be found in all parts of the country."

At the end of the press conference some segments of a documentary film on al-Bayda' province were shown. The movie showed the effects of the shelling that was carried out by the government's air force in San'a' against populated areas.

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